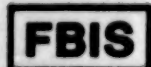


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26 January 1985

China Report

ECONOMIC AFFAIRS



FOREIGN BROADCAST INFORMATION SERVICE

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26 January 1985

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

JINGJI GUANLI on Foreign Trade System Reform (Liang Tao, Shi Yuan; JINGJI GUANLI, No 10, 5 Oct 84).....	1
Yuan Baohua on Streamlining Enterprises (XINHUA, 3 Jan 85).....	9
PRC Output Value Expected To Exceed 1,000 Billion Yuan (CHINA DAILY, 22 Dec 84).....	10
Reform of Cadre System Discussed (Yang Fengchun; JINGJI GUANLI, No 10, 5 Oct 84).....	12
Hefei Hosts National Urban Construction Meeting (Chen Baosnan, Cui Ying; XINHUA Domestic Service, 29 Dec 84).....	18
Patent Bureau Director on Patent Law (Huang Kunyi; RENMIN RIBAO, 16 Dec 84).....	20

PROVINCIAL AFFAIRS

Quan Shuren Speech at People's Congress (Quan Shuren; LIAONING RIBAO, 17 Dec 84).....	25
Ningxia Improves Economy, Develops Industry (XINHUA, 23 Dec 84).....	31
Station Commentary Hails Guangdong Court's Ruling (Guangdong Provincial Service, 25 Dec 84).....	33

Ninth Henan Trade Union Congress Proceedings (Henan Provincial Service, 22, 27 Dec 84).....	34
Opens 22 December	
Concludes 27 December	
Shaanxi Makes Breakthrough in Economic Progress (Xu Shijie, You Fei; XINHUA Domestic Service, 2 Jan 85).....	36
Beijing Municipality Encourages Home Buying (XINHUA, 29 Dec 84).....	38
Beijing Circular on Selling Living Quarters (Qiu Yongsheng; XINHUA Domestic Service, 1 Jan 85).....	39
Briefs	
Hubei Township, Town Enterprises	40
Qinghai Township, Town Enterprises	40
Laborers New Year's Greetings	40
Jiangsu First in Output	41
Sichuan Relief Work	41
Gansu Color Television Production	41
Shanghai Trade Union Council Plenum	41
AGGREGATE ECONOMIC DATA	
Briefs	
Shandong Individual Business	42
Nei Monggol Urban Construction	42
Tianjin Residential Construction	42
ECONOMIC MANAGEMENT	
JINGJI GUANLI on Equipment Leasing in Geology Units (Hou Zhaixiong, et al.; JINGJI GUANLI, No 10, 5 Oct 84).....	43
PRC Journal on Transforming Economic Management Organs (Chen Jiagui; JINGJI GUANLI, No 10, 5 Oct 84).....	49
People's Insurance Company Business Expands (XINHUA, 25 Dec 84).....	56
Zhejiang Plant Carries Out Management Reform (Han Ziren; Zhejiang Provincial Service, 30 Dec 84).....	57
JINGJI GUANLI on Company-Factory Relationship (Yong An, et al.; JINGJI GUANLI, No 10, 5 Oct 84).....	60
Women's Federation To Give Reform Top Priority (XINHUA, 24 Dec 84).....	66

Briefs	
Nei Monggol Economic Contracts	67

FINANCE AND BANKING

GUANGMING RIBAO on Symposium on Raising Social Funds (Sui Yufen; GUANGMING RIBAO, 16 Dec 84).....	68
Hainan Holds Conference on Overseas Chinese Remittance Work (Hainan Island Service, 22 Dec 84).....	71
Hubei Calls for Halting Financial Malpractices (Hubei Provincial Service, 27 Dec 84).....	73
People's Construction Bank Aids Housing (XINHUA, 19 Dec 84).....	74
CHINA DAILY on Projects Making Use of World Bank Loans (CHINA DAILY, 20 Dec 84).....	75
Economic Reforms Boost Life Insurance Services (XINHUA, 13 Dec 84).....	76
Beijing Bank Enables Early Payment for Exports (Qin Xiaoli; CHINA DAILY, 2 Jan 85).....	77
Jiangsu Bank Helps Local Economic Construction (Beijing Domestic Service, 27 Dec 84).....	78
Commentary on Bank's Role as Economic Lever (Beijing Domestic Service, 27 Dec 84).....	79
Hebei Government Holds Conference on Finance Work (Hebei Provincial Service, 28 Dec 84).....	80

Briefs	
Sichuan Tax Revenue	82
Jiangxi Cures Taxation Maladies	82
More Insurance Coverage	82
Nei Monggol Commercial Loans	83
Construction Bank	83
Liaoning Stockholders' Increase	83
Jilin Financial Revenue, Expenditures	83

ENERGY

Briefs	
Tianjin Methane Pits	84

MINERAL RESOURCES

PRC Journal on Stepping Up Exploitation of Mines (Li Peilin; JINGJI GUANLI, No 10, 5 Oct 84).....	85
Briefs	
Nei Monggol Troilite Mine	91
Jiangsu Anhydrite Mine	91

INDUSTRY

New Policy Boosts Shanghai's Industrial Production (XINHUA, 19 Dec 84).....	92
Textile Machinery, Technology Corporation Set Up (XINHUA, 30 Dec 84).....	93
Industrial Production Up 13.3 Percent in 1984 (XINHUA, 29 Dec 84).....	94
Briefs	
Henan Boosts Industrial Production	96
Liaoning Town-Owned Enterprises' Achievements	96
Qinghai Light, Textile Industries	96
Hainan Industrial Production	96
Hubei Vehicle Production	96
Shanghai Industrial Output Met	97
Upgrading Light Industry Enterprises	97

CONSTRUCTION

Shenzhen's Capital Construction Accelerated in 1984 (ZHONGGUO XINWEN SHE, 1 Jan 85).....	98
JINGJI RIBAO on Capital Construction in 1985 (Editorial; JINGJI RIBAO, 18 Dec 84).....	99
Engineering Corporation Wins More Contracts (Chen Ri; XINHUA Domestic Service, 5 Jan 85).....	101
'Serious Shortage' of Supplies Despite Stockpiling Reported (CHINA DAILY, 26 Dec 84).....	102
Beijing Construction Expands, Faces Problems (Wu Jingshu; CHINA DAILY, 2 Jan 85).....	104
Xinjiang Plans Expansion of Tourist Facilities (XINHUA, 30 Dec 84).....	107
Briefs	
Nei Monggol Capital Construction	108
Peasants Urged to Speed Construction	108
PRC Firm To Build Nepalese Complex	108
Liaoning Water-Diversion Project	108

FOREIGN TRADE AND INVESTMENT

Guangxi Governor on Economic Policy, Foreign Trade (Guo Wei; ZHONGGUO XINWEN SHE, 1 Jan 85).....	109
Xiamen's Fudao Company Begins Operations (ZHONGGUO XINWEN SHE, 3 Jan 85).....	111

LABOR AND WAGES

Qian Zhengying at Beijing Model Workers Meeting (Huang Fengchu, Cui Lisha; XINHUA Domestic Service, 10 Dec 84).....	112
New Year's Plays Reflect Economic Reforms (XINHUA, 30 Dec 84).....	114
Hao Jianxiu on Role of Trade Unions in Reform (XINHUA Domestic Service, 27 Dec 84).....	115
ACFTU Urge Workers To Take Active Part in Reform (Yu Guohou; XINHUA Domestic Service, 27 Dec 84).....	117
Resolution of All-China Trade Union Federation (XINHUA Domestic Service, 27 Dec 84).....	118
ACFTU Notes Trade Union Role in Reform (XINHUA, 28 Dec 84).....	127
Briefs Guangdong Teachers' Salary Reform	129

TRANSPORTATION

Vice Minister on 1985 Railway Construction Plan (XINHUA, 30 Dec 84).....	130
Highway Construction Stressed in Cities (Xu Yuanchao; CHINA DAILY, 30 Dec 84).....	131
PRC To Increase Domestic, International Flights (XINHUA, 29 Dec 84).....	133
Tianjin Port Facilities To Be Upgraded (XINHUA, 9 Jan 85).....	134
Datong-Beijing Electrified Rail Line Opens (XINHUA, 30 Dec 84).....	135
China's Motor Vehicle Output Tops 300,000 (XINHUA, 4 Jan 85).....	136
Newly Electrified Rail Link Opens to Traffic (XINHUA, 11 Dec 84).....	138

FOREIGN TRADE AND INVESTMENT	
Guangxi Governor on Economic Policy, Foreign Trade (Guo Wei; ZHONGGUO XINWEN SHE, 1 Jan 85).....	109
Xiamen's Fudao Company Begins Operations (ZHONGGUO XINWEN SHE, 3 Jan 85).....	111
LABOR AND WAGES	
Qian Zhengying at Beijing Model Workers Meeting (Huang Fengchu, Cui Lisha; XINHUA Domestic Service, 10 Dec 84).....	112
New Year's Plays Reflect Economic Reforms (XINHUA, 30 Dec 84).....	114
Hao Jianxiu on Role of Trade Unions in Reform (XINHUA Domestic Service, 27 Dec 84).....	115
ACFTU Urge Workers To Take Active Part in Reform (Yu Guohou; XINHUA Domestic Service, 27 Dec 84).....	117
Resolution of All-China Trade Union Federation (XINHUA Domestic Service, 27 Dec 84).....	118
ACFTU Notes Trade Union Role in Reform (XINHUA, 28 Dec 84).....	127
Briefs Guangdong Teachers' Salary Reform	129
TRANSPORTATION	
Vice Minister on 1985 Railway Construction Plan (XINHUA, 30 Dec 84).....	130
Highway Construction Stressed in Cities (Xu Yuanchao; CHINA DAILY, 30 Dec 84).....	131
PRC To Increase Domestic, International Flights (XINHUA, 29 Dec 84).....	133
Tianjin Port Facilities To Be Upgraded (XINHUA, 9 Jan 85).....	134
Datong-Beijing Electrified Rail Line Opens (XINHUA, 30 Dec 84).....	135
China's Motor Vehicle Output Tops 300,000 (XINHUA, 4 Jan 85).....	136
Electrified Rail Link Opens to Traffic (XINHUA, 31 Dec 84).....	138

Nei Monggol Raises Funds for New Railroad (XINHUA, 18 Dec 84).....	139
Shaanxi Government To Build Roads in Mountainous Areas (Shaanxi Provincial Service, 3 Jan 85).....	140
Nei Monggol Plans To Build New Railroad (Nei Monggol Regional Service, 7 Jan 85).....	141
Briefs	
Shanghai's First Expressway	142
New Airport at Yantai	142
Yunnan, Shandong Road Work	142
Nei Monggol Double-Track Railroad	143
PUBLICATIONS	
Briefs	
Economic, Social Yearbook	144

NATIONAL POLICY AND ISSUES

JINGJI GUANLI ON FOREIGN TRADE SYSTEM REFORM

HK190813 Beijing JINGJI GUANLI in Chinese No 10, 5 Oct 84 pp 20-22, 28

[Article by Liang Tao [5328 3447] and Shi Yuan [2457 6678]: "An Investigation Into the Reform of the Foreign Trade System"]

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, our nation's foreign trade system has carried out some preliminary exploratory reforms. The major reforms have been: the delegation of the right to engage in foreign trade to some provinces, cities, autonomous regions, and industrial departments; the carrying out of experiments in diversified forms of industry-trade, technology-trade, and import-export combinations; the development of diversified forms of the "three types of processing and one type of compensation," that is, flexible compensatory trade and trade where raw materials are imported, processed, and exported; the arrangement of joint venture enterprises; and a great increase in setting up economic and trade organs abroad. These reforms have achieved great results in resolving many of the problems which formerly existed in the foreign trade system. But the reforms carried out over the last 5 years have not touched on or broken down the system whereby foreign trade departments have unified responsibility for profits and losses in regard to foreign trade. The problems faced in the industry-trade combinations and in production and sales have not yet been basically resolved and export production enterprises still lack foreign trade autonomy. At the same time, some "reform" measures have produced the phenomenon whereby foreign trade management is too decentralized and "administration is carried out through many doors." It is necessary to further probe how we are to resolve these problems and in the fastest way reform the present system into a new form of socialist foreign trade system with Chinese characteristics, to guarantee and promote the development of our nation's foreign trade.

I

The further reform of our nation's foreign trade system must proceed from our strategic targets in foreign trade. 1) Economic results strategy. Reform must be beneficial to expanding exports and obtaining foreign exchange, increasing imports and introducing advanced equipment and technology, increasing profits and reducing losses, and accumulating funds so that foreign trade can make a greater contribution to the four modernizations.

2) Market strategy. Reform should be of benefit to adapting to trade mainly with capitalist countries and to adapting to the ever-changing international markets. We should, in a planned and step-by-step manner, develop a foreign distribution network and, with strong and powerful management and organization, we will be able to assure success in the fierce battle of international trade. 3) Commodity strategy. Reform should be beneficial to developing important export commodities which have strategic significance to our country, especially machinery and electrical goods and light industrial and textile products. This will result in great changes in the composition of our export commodities. 4) Policy strategy. Reform should be beneficial to better implementing both the policy of enlivening the domestic economy and opening to the outside world and the nation's foreign policies. Different policies of prohibition, restriction, support, and encouragement should be implemented for different import and export goods. A policy of encouraging exports and restricting imports should also be implemented. In general, the reform of the foreign trade system is not an end in itself but a means to an end. The ultimate aim of reform is the promotion of our nation's foreign trade and ensuring that it can gradually move toward the track of healthy development, where economic results are central. In this way, it will play a great role in achieving the strategic goal of quadrupling our nation's industrial and agricultural output value by the year 2000.

In further reforming the foreign trade structure it is necessary to unify our understanding and to set down clear ideas and principles for guiding the reform. The reform of the foreign trade system must, with the preconditions of unified planning, unified policies, and connected, unified actions in dealing with foreign countries, bring into play the enthusiasm of localities and departments, especially that of production enterprises and foreign trade enterprises, and oppose any actions which harm national interests. With this guiding ideology, the reform of the foreign trade system must firmly adhere to the following principles: The first is to firmly adhere to expanding the principle that in export and import trade economic results are central. With the precondition of carrying out national policies and completing national import and export plans, it is necessary to expand the autonomy of foreign trade enterprises and production enterprises and gradually to set up in enterprises a profit and loss economic responsibility system which is consistent with their autonomy. The second is to organize imports and exports by firmly adhering to the principles of concentrated and unified action in external dealings and of economic rationality. Industry and trade, technology and trade, and import and export should be combined so as to bring into play the superiorities of the coastal ports and the hinterland. The implementation of specialized joint operations encourages competition domestically and unified action in regard to foreign countries. The third is to firmly adhere to the principle that administration must be unified, laws must be unified, and the role of economic regulatory measures must be strengthened. On the precondition of maintaining overall national interests, a rational distribution of the economic interests of the state and of enterprises will lead to the sustained and stable development of foreign trade.

In further reforming the foreign trade system, an important guarantee should be that administrative authority is centralized and unified to a high degree, and administration is carried out through one channel. We cannot allow foreign trade administrative authority to be decentralized. If we examine the present foreign trade administrative systems in the various countries of the world, regardless of whether it is the Soviet Union, East European countries, or capitalist countries, in all of them we can see that the import-export trade organizational and management forms are diversified and the monopoly nature of commodity trade has been strengthened. However, the power of, and organs for, the state to intervene in and manage foreign trade are becoming more centralized. Our country is a socialist country and we have implemented a planned economic system which has public ownership as its basis. Administrative leadership over foreign trade and management authority over the various types of foreign trade enterprises must be under the centralized and unified leadership of the Ministry of Foreign Economic Relations and Trade, and administration should be carried out by relevant sections. The Ministry of Foreign Economic Relations and Trade, as the state organ which is empowered by the State Council to carry out the unified management of foreign trade, should fully utilize and bring into play the following important functions: The first is the policy planning function in formulating relevant foreign trade principles and policies. The relevant sections should draw up long-term plans and annual plans for foreign trade. The second is the administrative function, that is, the examination and approval of operational organizations and the scale of operation in foreign trade activities both domestically and abroad; the conclusion, organization, and implementation of trade accords between governments; and the unified management and granting of import and export permits. The third is the economic regulatory function, that is, with the participation of relevant professional departments, the appropriate sections will organize research and determine utilization of the various economic levers as means for regulating import and export trade. The fourth is the foreign trade legislation function. The appropriate sections will organize research into and decide on, relevant foreign trade laws, regulations, and administrative rules. In accordance with the importance of the question and the scope of power, these will be ratified and issued by the Ministry of Foreign Economic Relations and Trade, the State Council, or the Standing Committee of the NPC. A two-level foreign trade administrative and organizational system will be established, with a central level (Ministry of Foreign Economic Relations and Trade) and a provincial, municipal, or autonomous regional level (foreign economic relations and trade bureaus, departments, and committees). Other relevant organs will be agency units or management units.

In further reforming the foreign trade system, at the same time as strengthening foreign trade administration, it is also necessary to separate government functions from business management. Foreign trade administrative departments should not interfere in the specific tasks of foreign trade enterprises, as long as they adhere to state regulations. Rather, they should expand the autonomy of these enterprises in terms of planning, management, finance, and personnel matters, and establish conditions such that foreign trade enterprises can become more specialized, commercial, and

enterprising economic entities which have fixed assets and circulating funds, autonomous management, independent accounting, sole responsibility for profits and losses, and a legal status. Following the development of the overall economic system reform and the substitution of tax payments for profit delivery, the relationships between the state and enterprises will be further clarified, as will the relationships among departments, localities, and enterprises. At the same time, through divided tax categories, the relationship between the central financial departments and local financial departments will also change greatly. At that time, the separation of government functions from business management can be realized. Regardless of whether it is a foreign trade company or an industrial trade company, its administration, personnel matters, planning, management, finances, taxation, credit, and other work will be separately handled by relevant departments of the government.

II

On the basis of the above principles, and seen from the actual situation at present, and future tendencies, the direction of the reform of the export commodity management system should be as follows: 1) The divisions between departments and localities should be smashed. With commodities as the object and enterprises as the base, the production enterprises and foreign trade enterprises for similar types of export commodities should be combined. Special management should be instituted for industry-trade and technology-trade combinations. Economic responsibility for profits and losses should be implemented in the export commodity production enterprises or foreign trade management enterprises. 2) Unity in action in dealing with foreign countries should be firmly supported, and there must be one line of action in the export of the same kind of products. (This mainly means coordination in terms of prices, markets, customers, and supplies of goods.) Domestically, this will promote competition, and allow appraisal through comparison, and thus the best will be chosen. As for import or export goods for which there are special demands, they should be produced or purchased in accordance with the demands of the users. 3) In accordance with the importance and different characteristics of commodities, centralized or decentralized methods can be used. Some transactions can be handled in a unified way by general foreign trade or industry-trade corporations, while some transactions may be handled by branch companies or companies in the coastal ports. It will also be possible to adopt different management forms, including foreign trade agents; combined purchasing and industry-trade operations; combined operations between coastal ports and the interior; and even direct allocation.

In accordance with the direction of the reform of the export commodity management system, the reform of the industrial product export system should mainly handle well the relationship between industry and trade and ensure that there is direct contact between producers and sales outlets, so as to arouse the enthusiasm of the production enterprises and promote the raising of the quality and competitive capacity of export products. The former foreign trade work style, whereby "official commerce" considered itself the most important part, should be corrected, as should the inverted

industry-trade relations. The main force for expanding the export of industrial products is the production enterprises. The foreign trade enterprises must serve them well and lead them well. Only when there is a direct alliance between production enterprises and foreign trade enterprises will there be real industry-trade combinations. If we take the current way of doing things in a foreign trade corporation and apply it in an industrial department, it will be just as though the organization has moved house. It is inappropriate to use industry to replace trade, to export whatever is produced or to think that anything can be exported because there is managerial autonomy. None of these methods can basically resolve the problem of establishing direct links between the producers and the sales outlets.

We should stress research into the reform of the managerial system of our nation's strategic export commodities--mechanical and electrical products. The management of the export of mechanical and electrical products should be handled by national-scale corporations. A board of directors composed of foreign trade and relevant industrial departments should provide leadership and be responsible for the decisionmaking, management, and coordination in relation to the export of mechanical and electrical products. On the basis of general commodity classifications, special companies which cut across divisions between departments and localities should be set up. Boards of directors should be formed and a company administrative organ set up by combining representatives of the relevant production departments and major export and production enterprises with the foreign trade corporation which originally handled that particular classification of commodity. These specialized companies can set up branch companies in important production areas and in important port cities. The management form should basically change from being a purchasing system to being an agency system. The specialized companies and their branch companies should organize production enterprises to directly participate in export decisionmaking and management, to plan and arrange as a whole the supply of goods, international markets, customers, and the determining of unified price levels. In this way, on the economic level, the enterprises will become solely responsible for profits and losses.

Light industrial goods, textile goods, and handicrafts will, for a fairly long time to come, still be key products in our nation's export trade. In regard to these, we should also greatly strengthen the relationship between production and sales and organize well industry-trade combinations. At the central level, on the basis of the existing specialized foreign trade corporations, a board of directors should be formed by foreign trade and relevant industrial departments to jointly make decisions and manage things. Apart from managing a few important large-quantity products, the main tasks of the general corporations will be to shoulder responsibility for administration and coordination. Most products will be handled by branch companies. Some commodities may be managed by national or district specialized companies in which production enterprises play the main part and combine with foreign trade enterprises. As to the management system for light industrial and textile products, an agency system where production enterprises are solely responsible for profits and losses should be instituted.

There should be a state monopoly and the state should make all decisions in regard to the management of products of a natural resources nature. They should be managed in a unified way by the specialized foreign trade corporations (petroleum and nonferrous metals) or general industry-trade corporations which have been approved by the state (coal). It is possible to implement purchasing systems and, where conditions exist, agency systems.

Some chemical industry products can be managed by industry-trade companies formed by foreign trade enterprises and production enterprises. Some individual large-scale production enterprises where the levels of production, technology, and management are high, where production is unitary, where there is little overlapping with other enterprises, and which have both people qualified in foreign trading and sales avenues, can engage in direct foreign trade.

Defense industry products, ships, silk, and other products for which industry-trade combination management systems have already been implemented can, on the basis of summing up their experiences, continue to improve and perfect these systems.

As to the export management systems for agricultural, sideline, and local products, we must consider the actual situation of the large size of our country, the dispersed nature of the sources of goods, and our experience in foreign trade management. In regard to some large-scale supply and production bases (such as state farms and pastures, collective production units, or large specialized rural households or households doing specialized jobs), they can implement, on a trial basis, a system whereby goods are first purchased at fixed prices and if there is any profit after sales, this is returned to the sellers in fixed proportions. This will encourage and support production, stabilize the supply of goods, and raise the quality of commodities. In particular, we must organize the domestic supply of goods through supply and marketing cooperatives.

In the reform of the import commodity management system, we should firmly adhere to unified management by specialized foreign trade corporations of those commodities imported in large quantities and those import commodities purchased with foreign exchange from the central authorities. At the same time, we should utilize those commodities imported in large quantities as the basis, combine well industry-trade, technology-trade, and import-export, use imports to promote exports, and, through the import of commodities, introduce advanced equipment and technology. As to specific organizational forms, it is possible, on the basis of the different characteristics of commodities, to take industry as the main part and to have foreign trade agents or joint industry-trade management. The State Council has determined that there should be experimental application of this for two large groups of import products--steel products and motor vehicles, in order to gain experience and to propagate it. In order to satisfy the urgent needs of production departments and the needs of the domestic market, when foreign trade companies manage central authorities' commodities or imported products purchased with foreign exchange held by the central authorities, especially when importing complete sets of equipment and introducing advanced technology

and equipment, they must seriously listen to the ideas of the users, production departments, departments responsible for allocation of goods and materials, and commercial departments. They should also take the initiative to promote technical and business discussions and contracts. When localities and departments urgently need to order small quantities of goods, they should be allowed, with approval, to import them themselves. Foreign exchange reserves of localities and departments, locally retained foreign exchange, and self-raised foreign exchange can be used by departments or localities to import products, as long as this is within the limits of government policy and within quotas and has been approved. Products which promote exports can also be imported in this way. This importation can be freely entrusted to foreign trade or industry-trade companies which have good financial and credit conditions. All types of imported commodities should gradually be handled by the agency system. The users of imported commodities, apart from those for which there are state subsidies of a policy nature, should be solely responsible for profits and losses. It is also possible to implement, on an experimental scale, a system of first inviting tenders domestically and, if the goods cannot be manufactured domestically, if production quality does not meet requirements, or if insufficient quantities can be produced in time, the goods can be imported, in order to promote domestic production.

In managing import and export of commodities, special attention must be paid to bringing into play the superiorities of the traditional coastal port cities, so as to implement the policy of "forming domestic alliances to push to the outside world." We should formulate beneficial policy measures and greatly develop the trade form whereby raw materials are imported, processed, and then reexported, thus combining imports with exports. This is a new avenue for promoting the development of coastal industry to a new level, introducing advanced technology and equipment, transforming enterprise technology, and expanding exports. At the same time, we should reorganize the existing ports in accordance with the rational flow of commodities and the principle of economic rationality. The same type of commodity will, through consultation, be exported through one or several ports. The ports and the hinterland areas should actively organize combined operations on the basis of commodities, or utilize agencies for the transfer and allocation of goods. Several large foreign trade centers should be established in port cities, and these will provide beneficial conditions for foreign trade on a joint basis by coastal cities and hinterland areas. In the last few years, the "three types of processing and one type of compensation" form of flexible trade, as well as production and business enterprises of the cooperative, joint venture, or solely foreign investment types, have all seen quite great development. These have already become important avenues for regularizing trade and introducing foreign funds and advanced technology and equipment. In future, it will be necessary, within the limits of state policies and laws, to actively develop and more vigorously carry out processing of imported raw materials.

If we wish to guarantee a united approach in external dealings, it is necessary to arrange things in a unified way, and to unify the management

of the economic and trade organs and the agency network abroad. Economic and trade organs abroad should be established and arranged after overall consideration by the various joint specialized export commodity companies and approved by the Ministry of Foreign Economic Relations and Trade, in order to maintain stable distribution channels.

CSO: 4006/230

NATIONAL POLICY AND ISSUES

YUAN BAOHUA ON STREAMLINING ENTERPRISES

OW030844 Beijing XINHUA in English 0649 GMT 3 Jan 85

[Text] Beijing, 3 Jan (XINHUA)--More people with expertise, especially those in their 30's, will be promoted to leading posts this year, a senior Chinese official wrote in today's ECONOMIC DAILY.

New factory leaders should be chosen through polls, recommendations and elections involving workers and office staff.

They may also be appointed by higher authorities or sought through advertising, according to Yuan Baohua, vice minister of the State Economic Commission.

These methods should be used to select chief engineers, senior accountants and financial experts as well, Yuan said.

Promotion of younger, better qualified people to leading posts will be a major task for streamlining enterprises, he added.

Another major task, he said, will be modernizing enterprise management and technology.

Work will be intensified in 1985 to spread the system under which directors assume full responsibility for production and business operations.

Yuan, also in charge of the enterprise streamlining drive, urged enterprises to set up sales, information and service networks in China and abroad, intensify personnel training and develop new products.

Wage system reforms will be carried out this year to link workers' pay with economic efficiency and productivity, following the introduction of the responsibility system.

CSO: 4020/73

NATIONAL POLICY AND ISSUES

PRC OUTPUT VALUE EXPECTED TO EXCEED 1,000 BILLION YUAN

HK22025 Beijing CHINA DAILY in English 22 Dec 84 p 1

[Text] China's total industrial and agricultural production value is expected to exceed a record 1,000 billion yuan (about \$/80 billion), according to a prediction by the State Statistical Bureau.

Total social output value, national income and output of grain, cotton, oil, and more than 40 major industrial products, have fulfilled the state quota for 1985 a year ahead of schedule, the bureau said. The nation computes its "social output value" from the total output value of industry, agriculture, transportation, construction and commerce.

Industrial output for the first months of this year was 632.5 billion yuan (calculated at the 1980 constant prices), up 17.1 percent over the same 1983 period.

The increase for light industrial production was 12.7 percent, while heavy industry rose by 13.5 percent. Coal output was up 9.9 percent, electricity production, 7.1 percent.

Even greater gains were made in production of consumer durables that are in large demand, the bureau said. The nation's output of refrigerators and colour TV sets was at least double that of the first 11 months of 1983. Increase ranged from 26 percent to 68 percent for cassette recorders, washing machines, cameras, electric fans, woollen goods and beer.

During the first 11 months of 1984, the bureau reported, China's total retail sales volume increased by 15.8 percent at least half of it due to demand for consumer durables.

The bureau also said the country has harvested more than 400 million tons of grain this year, 12.5 million tons more than in 1983.

Cotton output was 5.5 million tons, up 20 percent. An increase of four percent was registered in output of oil-bearing seeds, and more than 6.66 million hectares of barren land was reforested.

The bureau described 1984 as an "exceptionally good year" for animal husbandry, with increase in the number of drought animals in stock and in the production of meat, milk and eggs.

The state revenue grew by 19 percent in the first 10 months of the year, continuing a trend of annual increases since 1979.

The following factors were responsible for this year's production increases, according to the State Statistical Bureau:

--Heightened peasant enthusiasm for work under the policy of encouraging specialized production on a household basis.

From January to November, peasants bought 43.8 billion yuan worth of farm machinery and other capital goods, up 11.9 percent over the same period in 1983.

--Improved economic performance resulting from economic restructuring. Per capita productivity rose by 8.5 percent in state-owned enterprises throughout China.

--Intensified efforts to upgrade the existing enterprises while building new projects. More than 1,100 kilometres of new railways have been opened to traffic this year.

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NATIONAL POLICY AND ISSUES

REFORM OF CADRE SYSTEM DISCUSSED

HK191235 Beijing JINGJI GUANLI in Chinese No 10, 5 Oct 84 pp 17-19

[Article by Yang Fengchun [2799 6646 2504]: "The Cadre System Reform Is the Key to All Reforms"]

[Text] At present, reform is expanding from the rural areas to the cities with an irresistible force. Reform has become the center of people's discussions. The experience and lessons of the 35 years of socialism since the founding of the PRC have caused people to understand deeply that if we want to bring fully into play the superiority of the socialist system, to bring into play the masses' creativity and wisdom, and to achieve socialist modernization, then we must reform those parts of the relations of production and of the superstructure which do not accord with the development of the forces of production. The reform of the cadre system is a major part of this reform.

The reform of the cadre system is seen as the key to all reforms, but this is not to say that only the reform of the cadre system is important and that reforms of other systems are unimportant. Neither does it mean that in the reform of the cadre system, the needs of the economic system can be ignored, or that the cadre system reform can be carried out behind closed doors. The reform of the cadre system is subordinate to, and serves, the party's general line and general aims. It is intended to better promote and guarantee the reform of the economic system, especially the smooth implementation of urban economic reforms. Through the reform of the cadre system, we want to make the party's organizational line capable of guaranteeing the party's political line, so that the party's principles and policies will be implemented effectively. Comrade Deng Xiaoping has pointed out: "Our nation now faces a serious problem. It is not whether the line and principles of the four modernizations are correct or not, but the great lack of qualified personnel to carry out the line and principles." Since the 3d Plenary Session of the 11th CPC Central Committee, our organization and personnel departments have, under the leadership of the party Central Committee, striven hard and done much work in the reform of the cadre system. In eliminating the "leftist" ideological influence in the organization departments, they have implemented the cadre policy and the policy in regard to intellectuals, consolidated and put suitable persons in leading groups, trained cadres, and changed the structure of the cadre ranks. This has caused the

cadre ranks to become more revolutionary, younger in average age, better educated, and more professionally competent. In all of the above work, marked results have been achieved. But seen from the situation of the overall cadre system, many irrational systems, or systems which are not in accord with the demands of the new period, have not yet been reformed. Also, the problem of selecting and utilizing those talented people urgently needed by the four modernizations has still not been resolved well. If great attention is not paid to these problems, and measures are not taken to resolve them, it is possible that our economic reforms and our socialist modernizations will suffer setbacks due to lack of qualified personnel and insufficient knowledge and technology.

The reform of the cadre system firstly requires that people, especially leaders at various levels and the personnel departments, change their views on selecting personnel for jobs. Comrade Deng Xiaoping has pointed out: "The present organizational system and the way of thinking of a substantial number of cadres is not conducive to selecting and utilizing the qualified personnel who are urgently needed in the four modernizations. It is hoped that party committees and organization departments at all levels will make great changes in this regard." The great changes in ideology referred to mean the abandoning of the old viewpoint, whereby no attention is paid to qualified personnel, and the establishment of a new viewpoint of using enterprising cadres. Building socialism with Chinese characteristics is a completely new undertaking. Those people who depend on books in doing things and those who indiscriminately apply book knowledge based on the experiences of days long past no longer accord with modern needs. Some of these people have already fallen behind the times. What our four modernizations need to rely on are those people who have good ideology, are devoted to the cause, are cultured, knowledgeable and full of vigor, and dare to initiate new situations. Now, everybody talks about the importance of selecting personnel in the reform. It is as if this problem has already been solved and there is no longer any controversy. Actually, this is not so. First, in some localities and departments, there are many young, knowledgeable, fine cadres who understand policies and are full of vigor. However, because they are not favored or appreciated by certain leading people, they have been thrown to one side. Not only have they not been put into the leading positions they deserve, but sometimes there are not even the conditions for them to bring their special skills into play. This results in their having no enthusiasm for firmly dedicating themselves to the country. Second, some of the young cadres who have risen to leading positions have had great difficulties in their work. Their work has often been subjected to excessive interference and their daring concepts and vigorous and speedy work style have been subjected to strict censure. They wish to act but the impediments are many, and it can really be said that they are having trouble walking.

In the views of some comrades, after a cadre takes on the tasks of a leader, it is most important that he acts in accordance with regulations, does things in a conventional way, and mechanically follows the directives handed down by the upper levels. They do not believe that being overcautious and accomplishing nothing is wrong, but believe it to be "honest and proper."

They frown on and repeatedly reproach those young cadres who have minds, have opinions, dare to speak directly, and dare to act, and those cadres who link up with reality and are able to creatively implement central directives. Sometimes they freely denounce these young cadres for "regarding themselves as infallible," "being arrogant and conceited," and "being supercilious." There are also some comrades who believe that we can depend on former experiences and that young cadres are juvenile and lack experience, and they have absolutely no faith in them. Thus, they want to meddle in all aspects of work and concern themselves with all matters. If some work does not pass through their hands, they feel dissatisfied and believe that they are not being respected. As to mistakes or shortcomings in the work of young cadres, they criticize strongly and offer little help, even being ready to trust rumors. They take mistakes which are basically nothing or just transgressions of their own old rules, and indiscriminately satirize and criticize. This results in the young cadres not knowing what to do. In this way, although they all say they are using enterprising cadres, and that they wish to be "excellent judges in selection," actually they are doing nothing of the kind. Many comrades repeat the error of "professing love for what they fear." They daily speak of the cadre system reform and say that they really want to reform the cadre system. But they are unable to bravely throw themselves into the reform. The real reason for this is that they do not consider reform of the cadre system to be pressing; they do not think deeply about reform and have insufficient desire for reform. Thus, ideologically they cannot bear to part with former ideas they are already familiar with and, in their actions, they intentionally or unintentionally stick to ways they are used to and do not change. In brief, in their minds there are no new views on how to select personnel. If this ideological problem is not resolved, no new ideas can be established, and there will be no standards for differentiating between right and wrong. Moreover, it will be impossible to carry out effective reform and to enthusiastically seek out and promote enterprising cadres, or to pound at the outmoded conventions, bad habits, and common prejudices which have formed over a long period. Thus it is said that only if there is a thorough change in outlook can the cadre system reform achieve anything worthwhile.

The reform of the cadre system, as the name suggests, is the reforming of those systems of organization within the cadre system which are not rational and which are not suited to the demands of the new period. Our present cadre system has many defects. In the cadre management system, authority is over-centralized. On the work responsibility question, regardless of whether we speak of party or government organs or even enterprise leadership organs, for a long period they have lacked, from top to bottom, stringent administrative laws and systems of individual responsibility. They have lacked firmly and clearly defined distinctions as to the limits of authority of organs and even of individuals. And, in regard to their cadres, they have lacked regular methods and systems in regard to employment, assessment of work, rewards and punishments, interflow, retirement, resignation, redundancy, and so on. Over a long period, many unwritten conventions and systems, which obstruct the progress of our cause, have been formed. For example, as soon as one becomes a cadre, one gets an "iron rice bowl," and this has created the situation where people risk their lives to join the cadre ranks.

After they assume a leading position, they do not care whether they are equal to the task, they only want to avoid making big mistakes. Thus they can only rise and cannot fall, which produces the bad custom of cadres only being promoted, never demoted. Leading positions do not have set terms of office or age limits at which one must retire or leave one's post, which results in the real existence of lifelong tenure for leading positions. Whether one works much or little, takes on the heavy tasks or the simple ones, does things well or poorly, it is all the same. Success and failure are not differentiated and rewards and punishments are not clearly defined. This egalitarianism gives rise to the habit of eating from "the same big pot." Cadres are sent to units with no regard to whether they are needed or not. They are owned by the units and cannot be transferred or moved. People's talents thus cannot be rationally utilized or fostered and developed, and this results in severe losses in terms of talent. They work in a unit for several decades and this long period with no interflow produces an intricate "relationship network" of superiors and subordinates, those close and those distant. When a matter comes up, people's sensitivities rather than principles are stressed. All these problems have caused our work organs to become increasingly overstaffed, bureaucracy and a dilatory style of work to become more serious, and work efficiency to be reduced. This has thus obstructed the bringing into play of the enthusiasm and wisdom of the masses, fettered the development of the productive forces, and become a great obstacle in socialist modernization. Thus, it is necessary to carry out thorough reforms. If we do not, we will be unable to progress.

The Central Committee has already decided to appropriately delegate cadre management jurisdiction and has adopted the method of dividing management and responsibilities into levels. This is an important step in the reform of the cadre system. Each level has responsibilities and rights, and thus it is possible to proceed from reality and to take the initiative in carrying out reform of the cadre system in accordance with the policies of the Central Committee. This will have great advantages in abolishing lifelong tenure for cadres; in smashing the system whereby qualified personnel are owned by units; in promoting the growth, appropriate use, and rational exchange of talented personnel; and in building and improving various cadre systems, including those involving promotions, work assessment, the advising of vacant positions, the use of cadres, the exchange of cadres, the training of cadres, and so on. It will be an important step in "enlivening" overall cadre work.

The reform of the cadre management system, as with reforms of other aspects of the cadre system, can violate some people's interests and dignity. This is because the reform is groping its way forward, and some mistakes and shortcomings will therefore occur. Thus the reform is likely to meet censure and opposition from various quarters. At this time, we must be cool-headed and not follow the prejudices of habit, vacillate from side to side, have serious misgivings, or hesitate to press forward. On the question of reform, we must press forward in the face of difficulties, and are duty-bound not to look back.

The reform of the cadre system includes the establishment and perfection of systems and methods needed in the new period, and the proposal and establishment of viewpoints and practices which are appropriate to the needs of the new period, to replace old and even decadent customs. At present, many localities are exploring the way ahead and are creating experiences which can be used for reference and for drawing lessons from. For example, some localities, in the selection and allocation of leading cadres, have changed from using the appointment system to the election and tenure system (democratic election and fixed tenure). Through over a year's practice, they now believe that this system is a manifestation of a cadre line of appointing people on their merits, is beneficial to arousing cadres' enthusiasm, is beneficial to eradicating the existing lifelong tenure system for cadres, and is beneficial to changing the work style. It is also beneficial to overcoming bureaucratism and making the relationship between the leaders and the masses closer, beneficial to tapping people's talents, and beneficial to arousing the cadres' enthusiasm for study. Some localities, at the same time as they have implemented cadre transfer systems, have experimented with a system of inviting applications for cadre positions. This system can, on the one hand, satisfy the needs of the districts and departments for talented people and, on the other, can promote the rational flow of talented people. This will be beneficial to resolving the problems of talented people lying idle and being wasted. Following the development of the economic reforms, and the establishment and implementation of the director (or manager) responsibility system, many party and government organs have implemented on a trial basis, or are setting up, post responsibility systems. These systems clearly stipulate the cadre's responsibilities and rights and are greatly beneficial to investigating and assessing a cadre's ability and achievements. They are also greatly beneficial to changing the "same big pot" ideology, where there is no distinction made between success and failure and where there is no difference between rewards and punishments, and beneficial to raising work efficiency. Of course, these systems are still being implemented on a trial basis. They still need to be perfected. A system may be appropriate for one department but not completely appropriate for another department. In these cases, we can experiment and carry out research as to whether there are more suitable systems.

In the course of the cadre system reform, some districts have gradually formed new viewpoints and methods. For example, in the cadre system reform in the Shekou industrial zone in Guangdong, the viewpoint of "if you do not succeed, you have failed" has been put forward. They believe that a cadre in a leading position must make obvious achievements. During the period they are in office, even if they do not make serious mistakes, if they do not open up new prospects for the enterprise, it is a manifestation of their not being competent in their job. This directly negates the inert viewpoints of "even if nothing has been accomplished, we have worked hard," "even if hard work is not mentioned we have worn ourselves out," and "not seeking to achieve success, but seeking to avoid making mistakes." It provides a standard for assessing enterprising cadres. After this new viewpoint is established generally throughout the cadre ranks, it will be possible to strongly promote the reform of the cadre system. When the Shekou industrial zone employs a cadre, it uses a new method. They employ cadres

only on the basis of work needs and the abilities of the cadre. They disregard the cadre's service record and leave it in the files, and this has smashed the longstanding viewpoint of "taking length of service as the major qualification." This has also been a great step in selecting and utilizing able cadres. Every year, they conduct mass votes of confidence in regard to the serving cadres. If half of the masses indicate they have no confidence in the cadre, he will voluntarily step down. This activity, in one respect, can make the masses clearly conscious of their position as masters of their enterprise or factory, and makes mass supervision a real strength. In another respect, it plays a great role in urging cadres to change their work style, to work hard, and to maintain closer ties with the masses.

Apart from this, the reform of the cadre system also requires that the organization and personnel departments themselves carry out vigorous reforms. The organization and personnel departments must not only be very familiar with party and government cadres, but must also be familiar with economic and scientific and technical cadres. They must understand the staff in industry, in agriculture, in finance and trade, in science and technology, and in culture and education. They must have an expanded field of vision and must firmly transfer those who look down on knowledge, those who have neither learning nor skills, and those who are not competent in their posts. The reform of the organization and personnel departments will have a great motive role in the further development of the cadre system reform.

The cadre system reform, like all reforms, must create a new situation. The bringing about of a new situation cannot be achieved by a few hollow calls and some empty gestures. If we wish to reform, it must be an earnest action. That is: After gaining a thorough understanding of the affliction affecting the current cadre system, we must be brave in attacking those systems which are irrational, outdated or not in accord with the needs of the new period. Also, on the basis of summing up past experiences, we must be brave in clearly negating specious, corrupt practices and prejudices. We must also be brave in proposing and establishing new viewpoints in accordance with the needs of the new period and brave in explaining and creating new methods and new avenues for beneficially utilizing and fostering people's talents.

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NATIONAL POLICY AND ISSUES

HEFEI HOSTS NATIONAL URBAN CONSTRUCTION MEETING

OWO20431 Beijing XINHUA Domestic Service in Chinese 0908 GMT 29 Dec 84

[By reporters Chen Baoshan, Cui Ying]

[Text] Hefei, 29 December (XINHUA)--At a national meeting to exchange experiences in rebuilding old cities, which ended recently in Hefei, the participating mayors and urban construction workers set the following demands for themselves in keeping with city government's functions under the new situation: To create an optimum environment for economic development, and provide fine services for the people's livelihood.

The national meeting for exchanging experiences in rebuilding old cities was convened by the Ministry of Urban and Rural Construction and Environmental Protection, in accordance with Zhao Ziyang's opinions, in order to popularize Hefei's experiences in rebuilding old cities. Delegates from Tianjin Municipality, Shenyang, Shashi, Xiangfan, Changzhou, and four other cities, introduced their experiences, in addition to those of delegates from Hefei City.

As political, economic, scientific and technological, cultural and educational, and modern industrial centers, largely inhabited by the working class, cities play a leading role in socialist modernization. However, under the prolonged ideological influence from the "let," production took precedence over living conditions, and industry over urban construction. Urban construction was even considered to be a task lacking in seriousness. As a result, many urban construction projects were stalled, making it impossible to meet the needs of economic and social development. By exchanging experiences, the delegates further realized that urban construction is vital to social, environmental, and economic benefits; that most of the urban public utilities such as roads, water supply, heating facilities, and telecommunications, are used for production; and that city governments must devote themselves to city planning, urban construction and management, improving public utilities, strengthening environmental protection, and creating desirable conditions for enterprises and the people's livelihood to promote economic development.

The participants discussed the principles of urban construction. They noted: Urban construction is aimed at developing the economy, improving the people's livelihood, and creating conditions for building spiritual and material civilizations. The working principles are to suit measures to local conditions, work

out unified plans, develop all-round capabilities, make rational arrangements, combine old ways with new, do things well within our capability, carry out comprehensive development projects, and systematically solve problems. Urban construction should no longer be monopolized by the state as some kind of social welfare program. Instead, social funds should be attracted, through different methods of operation, to open up broad prospects for urban construction. The meeting also proposed to improve city planning to facilitate the implementation of the principle of opening to the outside world and enlivening the domestic economy.

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NATIONAL POLICY AND ISSUES

PATENT BUREAU DIRECTOR ON PATENT LAW

HK270618 Beijing RENMIN RIBAO in Chinese 16 Dec 84 p 2

[Article by Huang Kunyi [7806 0981 4135], Director of the State Patent Bureau: "Welcome the Implementation of China's Patent Law in the Spirit of Reform"-- passages within slantlines published in boldface]

[Text] Our preparations for the establishment of the patent system began in 1979, closely following the 3d Plenary Session of the 11th CPC Central Committee. The implementation of our patent system closely follows the 3d Plenary Session of the 12th CPC Central Committee and will begin in April of next year. This shows that the establishment of our patent system is closely related to our socialist modernization and especially the economic reform. The patent system will play an important role in enlivening the domestic economy and opening up the country to the outside world.

I. The Significance of Patent Law Enforcement

1. We must promote the pioneering spirit of revitalizing China and legally provide protection for scientific and technical knowledge and talent, so that talented people can have a chance to serve the country.

The history of contemporary social mass production shows that the results of invention widely applied to production can sometimes create tremendous wealth. But in the past, due to the influence of "leftist" thinking and the defects existing in the economic system, we failed to recognize a technological invention as a source of wealth and, still less, as a commodity. There was no legal protection for an invention, which could be appropriated without compensation. Distribution was a matter of practicing egalitarianism. Whether or not there was a new invention involved made no difference. Even complicated labor brought fewer rewards than simple labor. This seriously dampened the enthusiasm and initiative of scientific and technical personnel and institutions in devoting themselves to scientific and technical invention and sapped socialist scientific and technical undertakings of their vitality. The most important thing in carrying out the current economic reform is to arouse the enthusiasm of the masses of intellectuals. Comrade Deng Xiaoping recently pointed out that all the 10 rules in the "resolution" approved by the 3d Plenary Session of the 12th CPC Central Committee were important, but the most important was Article 9. In a nutshell, it calls for "respect for

knowledge and talent." In respecting knowledge and talent, the most important thing is to respect the results achieved. This means that such respect should be embodied in party policy and that these results should be protected by state laws. This is the basis for the implementation of the patent system.

The patent law is based on protecting creations. Our patent law clearly says: "Without a patent holder's permission, "no unit or individual can exercise the exclusive right granted, make, use, or sell relevant patented formulas." The law also says: "Any unit or individual wanting to use others' patents, besides following the rules written in clause 14, must obtain permission from the patent holder and pay fees for using relevant item." This legally puts an end to the history of freely appropriating the results of invention. Any act of infringing upon a patent without the permission of its holder is illegal. Anyone who commits a violation shall be held responsible for compensation based on civil action. If it is a serious violation, the offender must be held criminally responsible.

Another feature of the patent law is basing rewards on merits. The greater the contribution and the greater the economic results, the more the rewards and the greater the remuneration. The patent law says: "A unit owning or holding a patent should reward those inventors or designers charged with invention. After the exercise of a patent right to an invention, rewards should be given to the inventor or designer on the basis of the scope within which it is introduced and applied and the economic results obtained." The rewards mentioned here include bonuses and remuneration. The wider the scope for introduction and application and the greater the economic results, the more the remuneration that can be obtained. This allows the thorough implementation of the principle of "distribution according to work, and more pay for more work" where mental workers are concerned. The policy of "letting some people get rich first" can also thus be applied to inventors and designers.

The patent law says that an inventor or designer "has the right to clearly make known in a patent document that he is an inventor or designer." The inventor or designer mentioned in the patent law refers to anyone who makes creative contributions toward the actual features of an invention and not to anyone just casually involved. This is legal protection for those inventors in line with giving them spiritual encouragement. This embodies the party and the state's respect for knowledge and talent.

2. We must create conditions for the development of a socialist technological market and stimulate the dissemination of knowledge, especially in regard to science and technology.

Modern science or technology is developed on the basis of an ever larger degree of the socialization of production. There is also an ever greater degree of the socialization of science or technology itself. Especially in the contemporary world facing the challenge of a new technological revolution, the division of labor based on specialized scientific or technical fields has become increasingly complicated. There is no longer a need for any enterprise or even a state to research and produce all the techniques needed. This problem must be solved by relying on the spread of technology and knowledge.

As far as the conditions in our country are concerned, the extensive dissemination of technology is an important part of the modernization drive. On the other hand, the development of modern science and technology based on social mass production is in itself highly socialized mental work. Therefore, the relations of exchange and distribution between inventors and the owners of inventions or their users are very complicated. The satisfactory or unsatisfactory handling of these relations has a great impact on the development of modern science and technology. Therefore, to bring about the dissemination of modern scientific and technological knowledge, we must first properly handle the relations involving the three parties--the inventor, the owner of an invention, and the user of an invention. But just relying on administrative means, we cannot solve this problem. This is a major problem in the current reform of the scientific and technological management system and the economic system.

Technology, as a commodity, should be allowed to be exchanged and circulated on the market like other commodities. We must consciously rely on and apply the law of value and use the technology market to regulate these complicated relations of exchange. With the needs arising from the development of our modernization effort and the reform of the economic system, there a broad socialist technology market will form, linking scientific research with production, coastal areas with inland areas, military use with civilian use, urban areas with rural areas, and the domestic with the international market. To enforce the patent law is to provide legal protection for the circulation of these commodities and to link this law with the implementation of the "economic contract law" already formulated and economic laws and regulations on the transfer of technology with compensation that are being formulated, and so forth. This will provide favorable conditions for the normal development of a socialist technology market and add to the vitality of our country in scientific and technological development.

The implementation of the patent law will also pave the way for the circulation of technological commodity news and for the solution of the problem of keeping things secret. To develop a technology market and stimulate the circulation of knowledge, we must first encourage the free flow of technological commodity information. One important demand of the technology law is that in legally protecting the patents for inventions, we must openly make known patented techniques in circulars for the benefit of the whole commodity. The implementation of our patent law is no exception. The State Patent Bureau will publish a patent bulletin and will carry the full texts of prospectuses on inventions, statements on patent claims, and so forth for wide circulation throughout the country. It will also effect exchanges with the patent bureaus of various countries in the world, seeking quick access to information on patents abroad. The strengthened handling of patent news will better serve the development of our technology market and scientific research and production.

With the implementation of the patent law, a patent service agency network will form throughout the country. It not only provides services in regard to patent registration, but also offers advice on the development of trade under domestic and international patent permits. This network will play an important role in enlivening our technology market.

3. We must carry out the international obligation to protect industrial property rights and develop cooperation in international technology exchange.

Technology is a domestic commodity and international commodity with a wide scope. In various economic and technology exchanges with foreign countries, we are likely to face the question of protection of property rights for this commodity, or the problem of industrial property right protection. If we introduce advanced technology from abroad and sign a contract on usage rights, the problem of respecting industrial property rights and honoring the contract is involved. If we make use of foreign capital in establishing enterprises, the problem of protecting new technologies is involved. If we carry out cooperation in regard to scientific and technological exchanges, the problem of how to share the results of cooperation is involved. Therefore, the fulfillment of the international obligation of protecting industrial property rights is a problem that calls for an immediate solution in our current effort to develop cooperation in regard to international economic and technology exchanges.

In the protection of industrial property rights, there are certain principles commonly observed on the international scene. The most important of these is covered by the "Paris Pact on the Protection of Industrial Property Rights." On 14 November 1984, the Eighth Plenary Session of the Sixth NPC Standing Committee decided on our country's participation in the "Paris Pact on the Protection of Industrial Property Rights," making known to the whole world that our country will observe the stipulations in the pact and undertake the international obligation of protecting industrial property rights. Therefore, in international economic and technology exchanges and all activities with foreign countries in the future, we must foster the concept of the law on protecting industrial property rights. We must understand how to use the law on protecting industrial property rights as a weapon. Otherwise, there will inevitably be errors or problems which could have negative consequences.

II. How To Enforce the Patent Law

/1. We must establish a patent work system suited to the national conditions of China and guarantee the enforcement of the patent law./

The enforcement of the patent law concerns almost all departments in all parts of our country. It calls for a new work system. What is a patent work system suited to the national conditions of our country? Generally speaking, it is one suited to the implementation of the demands of China's patent law, including patent control, law enforcement, administration of justice, the flow of information, agency services, technology development, trade authorized by permits, the training of talent, publicity, research, and so forth. The fundamental task calls for a work system allowing the implementation of the patent law.

/2. We must realistically handle well various concrete tasks to prepare for the implementation of the patent law./

First, in line with the needs of patent work in various areas and departments, we must establish patent control organs as quickly as possible. At present,

concerning the establishment of patent control organs throughout the country, we are basically in the stage of preparation and organization. It is hoped that the establishment of these organs can be completed before the enforcement of the patent law. Patent work is a kind that calls for high intelligence. Therefore, the patent work team must be set up according to the principle of selecting the best workers. We must strictly select them and provide better remuneration accordingly.

Second, the training of personnel skilled in patent work is a matter that calls for immediate attention. It is necessary for various areas to run short-term training classes. However, patent workers belong to a new type of management personnel. They must be subjected to strict training. In the future, patent workers will be gradually trained in school on a regular basis. We encourage colleges with the necessary facilities to provide classes on patent law, patent control, patent literature, and so forth (or relevant majors). It is also necessary to train some patent teachers.

Third, we must make proper preparations for the items for which patent applications are to be submitted and see to the quality of submitted applications. We must neither get involved with "a patent movement" nor freely spend something on a program just to test it. The high quality of applications depends heavily on the establishment of a patent agency network, with help offered by a number of knowledgeable people to applicants in the proper handling of applications. Patent applications will begin to be accepted on 1 April 1985. At the end of 1984, we must have a number of agents starting work to officially handle the business of patent agency.

Fourth, we must continue to do a good job of publicity about the patent law. We must especially enable some comrades involved in economic and technical leadership work to understand that the enforcement of the patent law has a direct bearing on the current economic reform, the development of a technology market, the enlivening of scientific and technical activities, and respect for knowledge and talent. Next, we must publicize what kind of an invention is entitled to a patent, how to submit an application, how to act with a patent obtained, and so forth. Let us make concerted efforts in properly enforcing the patent law and establishing a patent work system with Chinese features which can work effectively.

CSO: 4006/245

PROVINCIAL AFFAIRS

QUAN SHUREN SPEECH AT PEOPLE'S CONGRESS

SK050954 Shenyang LIAONING RIBAO in Chinese 17 Dec 84 p 2

[Report by Governor of Liaoning Province Quan Shuren entitled "Seek Truth From Facts, Emancipate the Mind, Boldly Carry Out Reform, and Bravely Explore New Ways for Reform," delivered at the 11th Session of the 6th Provincial People's Congress]

[Text] In his report to the 11th Session of the 6th Provincial People's Congress on 10 December, Governor Quan Shuren set forth suggestions on reform of the urban economic structure in the future.

He said that we should concentrate attention on two fields:

First, economic administrative organs should do a good job in simplifying administrative procedures and delegating power to lower levels. In line with the demands of the "decision," economic administrative organs should comprehensively and actually delegate to enterprises powers in the six fields which should be transferred to enterprises. In accordance with functions in the eight fields set forth in the "decision," economic organizations under the jurisdiction of governments should separate government functions from business management. Second, using the decisionmaking powers assigned by the state, enterprises should achieve reform of the leadership system, carry out various forms of economic responsibility system on the contract basis, and implement the principle of distribution according to work in order to vitalize themselves. In accordance with the principle of reorganization and amalgamation, enterprises are allowed to develop lateral economic cooperation and more toward an orientation of specialization. Based on this, we should emphatically attend to the following tasks:

Continue To Simplify Administrative Procedures and Delegate Power to Lower Levels

Simplifying administrative procedures, delegating power to lower levels, and separating government functions from business management are indispensable external conditions for vitalizing enterprises. In accordance with the spirit of "good overall plans, coordination, service, and supervision," the preliminary ideas of the provincial government are: 1) Departments in charge of comprehensive economic work should be amalgamated with a view to improving their efficiency and enhancing their unified centralized leadership; 2) Departments

and bureaus in charge of economic work should be simplified because they divide their work too finely, are numerous, and overlap; 3) Temporary organs should be consolidated and carry out the functions of regular organs; 4) We should change the management system for provincial-level departments (bureaus) and companies. In principle, no administrative companies below the department (bureau) level should be set up. We should abolish administrative companies which were established by various means of "dishing up in a new form."

We should continue to expand the decisionmaking powers of enterprises so as to vitalize the enterprises, especially large and medium-sized ones. The industrial output value of large and medium-sized key enterprises in our province amounted to 60 percent of the provincial total industrial output value. The profits and taxes realized by these enterprises amounted to over 80 percent of the provincial total. Whether or not these enterprises can be vitalized through reform has decisive meaning for our overall provincial economy. In line with the principles in the "decision" of the central authority, provincial-level departments should take further measures to transfer great decision-making powers to the enterprises.

1. Further expand enterprises' powers over production, management, and planning. We should gradually reduce mandatory planning and expand guidance planning and market regulation. From now on, we should have "one account book." The state and the provincial planning commissions issue the mandatory plans to enterprises in a unified manner. Provincial-level departments and bureaus should not issue mandatory plans to enterprises so as not to increase their work targets. After fulfilling their mandatory plans, enterprises are allowed to arrange production and sales themselves.

2. Expand the power of enterprises in selling their own products. As for products covered by the mandatory plans, the enterprises may set flexible prices for the part they are entitled to retain and that part which is above quota. After fulfilling their state-assigned mandatory plans, enterprises are allowed to set high prices for products made with their own raw materials. We should resolutely carry out the policy of setting the prices of products according to their quality. Prices may be set in such a way as to punish for bad quality products which should be eliminated. We should expand the price difference between products of different quality, expand the scope of quality products sold at high prices, and delegate the power to set the prices of products to the enterprises so as to encourage them to create quality products and to become a good brand name.

3. Delegate the power to purchase and select materials and raw materials to the enterprises thus reducing the links between the sales of materials and those of products. As for the materials distributed to enterprises by the state, we should use the method of direct supply to enterprises and the direct settlement of accounts. Administrative departments at all levels must not delay materials distributed to the enterprises en route. Enterprises should try as much as they can to directly establish contact between their products and sales and reduce intermediate links. Enterprises cannot further increase the cost of products. We should abolish the so-called supply and marketing cooperatives at all levels which only make out invoices for management expenses.

Enterprises have the power to select and purchase materials and raw materials. Other departments cannot interfere with enterprises in this regard.

4. Administrative departments must not touch economic and financial affairs of enterprises. We should use the method of enterprises settling accounts only with the state financial and tax revenue departments. Other administrative organs, including the provincial and city departments and bureaus in charge of professional work and administrative companies, should not touch enterprises' financial work. Enterprises should not make economic contract with administrative departments. Organs at all levels and administrative companies should neither "take a percentage of the profits of enterprises" nor retain a "share of enterprises in the name of a united plan."

5. Open up avenues for collecting funds for technological transformation in order to strengthen enterprises' ability to conduct self-transformation.

6. Enterprises should be delegated the powers to establish organs, appoint and remove cadres, employ staff and workers, and award and punish staff and workers. In accordance with the demands of production and management, enterprises have the decisionmaking power to set up organs. State enterprises have the power to appoint and invite cadres, except for the principal leading cadres who are appointed and removed by the responsible departments at a higher level. Enterprises have the power to recruit staff members and workers in accordance with state-stipulated labor targets. Collective enterprises are allowed to invite staff members and workers from state enterprises, and staff members and workers at collective enterprises are allowed to work at state enterprises. Enterprises have the power to award and punish their staff members and workers in accordance with state policies, state law, and factory regulations.

Set Up Various Forms of the Economic Contract Responsibility System and Carry Into Full Play the Functions of Staff and Workers

We should strengthen the vitality of enterprises. While improving the external conditions of enterprises, we should conscientiously achieve reform within the enterprises and solve the problem of "everybody eating from the same big pot" among enterprises.

1. We should carry out the reform of the leadership system among enterprises and gradually carry out the system of factory head (manager) taking the responsibility. This is an important aspect in conducting internal reform among enterprises. In carrying out the system of a factory head (manager) taking the responsibility, we must elect highly talented persons who have good political awareness, have received higher education, are younger in age, understand professional work and have the ability of business and management, are strictly in line with the "four requirements" for cadres, as factory heads (managers). The factory heads (managers) among state enterprises should carry out the term system. We should link the method of electing and inviting factory heads (managers) with that of factory heads (managers) being transferred and appointed by the departments at the higher level. The reform of the enterprises' leadership system is related to the work within and without the enterprises. The

provincial and city people's governments should strengthen the leadership and relevant departments should vigorously support the reform.

2. We should establish various forms of contract economic responsibility systems. In accordance with the basic principle of linking the duty with rights and interests, attending to the interests of the state, the collectives and the individuals, and combining the labor achievements of the staff members and workers with their labor income, in line with the different conditions and specialities, the enterprises should carry out various forms of economic systems on the contract basis. Enterprises should carry out the system of personnel responsibility and give payments according to work.

3. We should conscientiously implement the principle of distribution according to work. The wages and bonuses of the enterprises' staff members and workers should be directly related to the economic results. The income of the staff members and workers should be related to their labor results. The increase in wages must be lower than profits and taxes and labor productivity. Enterprises are encouraged to gradually use the greater part of cash awards to increase the wages of staff members and workers. In line with their business conditions, the enterprises may conduct the reform of wages system to a certain extent. Enterprises should expand the disparity in wages so as to fully embody the principle of awarding the diligent and punishing the lazy and awarding the excellent and punishing the bad and the principle of more pay for more work and less pay for less work. Some localities, enterprises, and people are allowed to become rich ahead of others.

4. We should conduct the reform among the management organizations of the enterprises. The management organizations of the enterprises should proceed from bringing benefits to the enterprises' production and management in line with correct policy decisions and unified instructions. Large and medium-sized enterprises may combine scattered management sections and offices into several systematic organizations and establish organizations of "functional matrix style" to reduce the scope of management and to exercise unified leadership. As to fixing various economic and technological targets, the enterprises should use scientific and reasonable ways. The targets can be set neither on the low side nor on the high side. Enterprises should ensure that the state will obtain the greater part of their profits. Enterprises cannot adopt such methods of damaging the interests of consumers by reducing the basic contract targets and by raising the prices of products to increase their income.

Cities Should Carry Out Into Full Play Their Key Functions and Vigorously Develop Horizontal Economic and Technological Ties

Our province has many large and medium-sized cities. This is a great characteristic of our province as well as a priority in the reform of the economic structure. All cities should carry out their advantages into full play and carry out into play their key functions to organize the economy. We should vigorously develop the horizontal economic and technological cooperation and do a good job in the reorganization and amalgamation of the enterprises so as to increase the enterprises' adaptability, competitiveness, and capacity of

development. The whole province should focus on establishing Liaonan Economic Zone with Dalian as a window and Shenyang as a hinterland. In accordance with their geographical positions and economic strength, we should develop horizontal cooperation between cities. Developments must be made in horizontal cooperation between such coastal cities as Dalian, Dandong, Yingkou, and Panjin and Shenyang, with Shenyang as the key; between Anshan, Liaoyang, Fushun, Benxi, and Tieling; and between Jinzhou, Fuxin and Chaoyang. We should gradually organize the key trade and industrial structure in line with our advantages. We should form an open industrial network that links large enterprises with medium-sized and small ones and form a specialized cooperative which focuses on large and medium-sized enterprises and which focuses on developing top brand-name, good quality, and new products.

We Should Develop Various Sectors of the Economy and Enthusiastically Conduct External Economic and Technological Exchange

We should further change the ownership structure and carry out the principle of paying equal attention to the state, collective, and individual sectors of the economy. While continuing to develop state enterprises, we should accelerate the development of the collective and individual sectors of the economy.

The proportion of the tertiary industry in our province is on the low side. The industry plays a predominant role. There are many people in the cities. We should vigorously develop the tertiary industry. We province and cities should work out plans for developing the tertiary industry. We should take both short-term and long-term viewpoints to make unified plans for developing the tertiary industry in urban and rural areas. At present, we should focus on restoring and developing traditional projects, fill a gap in service trade, and strive to make great developments in the tertiary industry within a short period of time.

We should further expand the enterprises' decisionmaking power to external economic and technological trades. With state approval, large enterprises have the power to directly conduct the economic and technological exchanges and hold trade talks with foreign firms, the rights to directly import advanced technology and equipment from foreign countries, and the rights to directly export commodities to foreign countries. At the same time, our province should strengthen horizontal economic cooperation with central departments and brotherly provinces and cities, widely conduct lateral and multi-lateral economic and technological cooperation, make exchanges of materials, talented people, and funds, conduct integrated production, cooperatively make developments, and enliven the economy.

Boldly Use and Enthusiastically Cultivate Talented Persons

In conducting the reform of the economic structure and developing the national economy, we urgently need a large group of talented people with modern economic and technological knowledge, with a spirit of conducting reform and boldly creating a new work and with the ability of creating a new situation. Special attention must be paid to cultivating and using economic administrative cadres. We must try every means possible to seek talented people and

improve the methods for selecting and promoting them. The way of relying on scientific research organs, universities and colleges, scientific societies and intellectuals with actual experiences to recommend talented people will take the place of the method of relying on party and government departments, office, and enterprise party members and cadres democratically recommending talented people.

We should continue to enliven the management of talented people and advocate the rational exchange of talented persons. We should regard the rational exchange of talented persons as a key to the reform of the system for talented people. Specific preferential policies and treatments must be given to the talented people who move from cities to rural and remote areas, from large cities to medium-sized and small ones, and from large units and state enterprises with many talented people to medium-sized and small units and collective enterprises.

CSO: 4006/242

PROVINCIAL AFFAIRS

NINGXIA IMPROVES ECONOMY, DEVELOPS INDUSTRY

OW230826 Beijing XINHUA in English 0800 GMT 23 Dec 84

[Text] Yinchuan, December 23 (XINHUA)--Ningxia, an economically backward minority area in northwest China until recently, has joined the more developed areas in beating their 5-year plan targets set for 1985. A spokesman for the government of the Ningxia Hui Autonomous Region said the total industrial and agricultural production there would reach 2.78 billion yuan this year, up 11.4 percent over 1983. This would top the target set for the last year of the Sixth 5-Year Plan (1981-1985).

Of the total, industrial production is expected to go up 12.9 percent and agricultural production, 8.6 percent, while revenue is expected to increase by 22 percent, according to the spokesman.

Ningxia, an area of some 170,000 square kilometers with a population of 3.89 million including a large community of Islamic-believing Hui, was almost industrially blank before the People's Republic was founded in 1949. Now Ningxia-made washing machines and beer are among the most popular goods on the domestic market.

The Ningxia region bordering in Mongolia now has trade relations with Hong Kong, Macao and 50 foreign countries including many Islamic nations.

An international investment symposium in September resulted in 20 contracts involving a total of 19.8 million U.S. dollars, the spokesman added.

As a region of autonomy by people of ethnic minorities, Ningxia has received special attention from the central government in economic development, he said. More than 20 provinces and municipalities are now cooperating with Ningxia in one way or another to help its economic growth, the spokesman said. This has enabled it to retool existing enterprises and develop new products with better equipment and technology.

Building modern industries in Ningxia first became possible with the completion in 1958 of a trunk eastwest railway that runs through Yinchuan, the regional capital, he said. But industrial development was hampered by the past "left" policies and almost disrupted during the turmoil of the decade-long cultural revolution, he explained. Economic development has resumed and gathered momentum since the cultural revolution ended in 1976 and the new policy of

encouraging rural prosperity has added impetus to the region's advances, he said.

Ningxia peasants are now working under a contractual system which allows them to keep the balance after fulfilling grain delivery and sale quotas, paying taxes and contributing to the collective fund.

They have already harvested 1.5 million tons of grain this year, 50,000 tons more than last year, and expect to sell the state 250,000 tons of sugar beet, an increase of 68 percent. Their net income this year is estimated to be 11 percent higher than last year.

CSO: 4020/55

PROVINCIAL AFFAIRS

STATION COMMENTARY HAILS GUANGDONG COURT'S RULING

HK271540 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 25 Dec 84

[Station short commentary: "Protect the Legitimate Rights and Interests of Businessmen Who Come To Invest"]

[Text] In trying the case of encroachment on the rights and interests of the Hong Kong Renren Enterprise Ltd's investment by Hong Kong businessman Wu Boxiong and the Hong Kong Huahong Catering Service Company, the provincial higher people's court has protected the legitimate rights and interests of those who have come to invest. This is a good verdict.

As the province becomes more and more open, various economic disputes involving foreign or Hong Kong and Macao businessmen may appear time and again. Courts are thus required to safeguard our country's sovereignty and economic efficiency according to the law and to protect the legitimate rights and interests of businessmen who have come to invest, so that they will have faith in China's laws while believing in our policies.

Through the public judgment of the provincial higher people's court in the case of Hong Kong businessman Wu Boxiong and the Hong Kong Huahong Catering Service Company encroaching on the rights and interests of investors, foreign businessmen and businessmen from Hong Kong and Macao will realize that their investment in the Chinese mainland is protected by law and will thus be more confident in investing in the Chinese mainland.

CSO: 4006/229

PROVINCIAL AFFAIRS

NINTH HENAN TRADE UNION CONGRESS PROCEEDINGS

Opens 22 December

HK230418 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 22 Dec 84

[Excerpts] The Ninth Henan Provincial Trade Union Congress opened in the provincial People's Hall this morning. Leading comrades of the party, government, and army in the province Liu Jie, He Zhukang, Zhao Di, Zhao Wenfu, Wang Huayun, Zhan Jingwu, Yao Xia, Lin Yinghai, Hou Zhiying, Song [name indistinct], Li Baoguang, Zhang Shude, Hu Tingji, and Hao Fuhong attended the opening ceremony. The 1,090 delegates to the congress represent the province's 5.2 million workers and the whole body of trade union members.

He Zhukang, deputy secretary of the provincial CPC committee and governor, spoke at the congress on behalf of the provincial CPC committee and government. (Gu Zhiping), chairman of the provincial Federation of Trade Unions, delivered a work report entitled "Carry Forward the Working Class' Spirit as Masters of the House, Actively Take Part in Reforms, and Strive To Further Create a New Situation in Henan's Modernization Drive."

Concludes 27 December

HK290636 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 27 Dec 84

[Text] The ninth provincial conference on trade unions, which lasted 6 days, concluded successfully this afternoon.

Provincial party, government, and army leading comrades Liu Zhengwei, He Zhukang, Zhao Di, Zhao Wenfu, Wang Huayun, Zhan Jingwu, Yao Xia, Hou Zhiying, Li Baoguang, (Zhao Linjie), Ma Ruihua, Shao Wenjie, and (Tian Jiming) attended the closing ceremony.

Before the closing ceremony, the leading comrades met all the delegates attending the conference and had a group photo taken with them to mark the occasion.

During the conference, all delegates earnestly discussed and examined a work report by Comrade (Gu Zhiping) entitled: "Carry Forward the Spirit of Workers Being Their Own Masters, Take an Active Part in Reforms, and Fight for

the Creation of a New Situation in Henan's Construction for the Four Modernizations." There was also a report by Comrade (Gao Guanying) on financial work of the provincial trade unions federation. A resolution was unanimously adopted. A report was delivered by provincial Vice Governor Yan Jimin on the province's current situation and future tasks.

At today's closing ceremony, a name list was announced of the chairman, vice chairman, and standing committee members of the Ninth Provincial Trade Unions Federation. These are:

Chairman: (Gu Zhiping);

Vice chairmen: (Zhang Jianquan), (Xu Ming), (Gao Guanyin), and (Qiu Huihua) (f).

At the closing ceremony, a decision was also announced on commending advanced grassroots trade unions, advanced group and workshop trade unions, outstanding trade union workers, and outstanding trade union activists. Silk banners were awarded to 32 advanced grassroots trade unions, 26 advanced workshop trade unions, and 73 advanced group trade unions, and citations and prizes to 99 outstanding trade union workers and 1,001 outstanding trade union activists.

CSO: 4006/229

PROVINCIAL AFFAIRS

SHAANXI MAKES BREAKTHROUGH IN ECONOMIC PROGRESS

OWO61043 Beijing XINHUA Domestic Service in Chinese 0016 GMT 2 Jan 85

[By reporters Xu Shijie and You Fei]

[Excerpts] Xian, 2 Jan (XINHUA)--Good news was reported from the great Northwest on the eve of the New Year: Shaanxi Province has achieved breakthrough progress in its work on internal cooperation and opening to the outside world. Shaanxi's people have finally said goodbye to a closed economic system.

Please have a look at these "farewell" records:

1. The first Shaanxi Provincial International Economic and Technical Cooperation Meeting that closed recently has clinched a deal of more than \$400 million.
2. Xian City recently signed more than 400 economic and technical cooperation agreements with other fraternal cities and towns, absorbing more than 100 million yuan.
3. Both Chinese and foreign customers have shown interest in investing and setting up joint ventures in Shaanxi. The total volume of investment in the past year greatly exceeded the total investments secured in the first 35 years of the People's Republic.

At present, departments concerned of Shaanxi Province are taking measures to consolidate and make use of the achievements gained from internal cooperation and opening to the outside world. These measures include:

1. Make a clear statement that straightening out the guiding ideology in internal cooperation and opening to the outside world means we have to conscientiously carry out the "Decision of the Central Committee of the Communist Party of China on Reform of the Economic Structure," emancipate our minds, and adopt more liberal policies. Shaanxi is rather out-of-the-way. The idea of the small-scale peasant economy is deeply rooted among peasants. The Shaanxi Provincial CPC Committee held that, although the province achieved a "double twenty" new record in its economic development in 1984--its grain production exceeded 20 billion jin, and its total industrial and agricultural output value exceeded 20 billion yuan; its economic growth, judging from its performance in the past few years, still lagged behind that of economically developed

areas. The provincial CPC Committee asked cadres at all levels, particularly cadres of economic departments, to make sure they realize that the achievements in internal cooperation and opening to the outside world were the results of the emancipation of minds, and that we should further emancipate our minds in the future.

2. Ensure good development in tertiary industry which should center on tourism. The number of tourists to visit Xian will increase rapidly in the future. Departments concerned are moving to study the situation in air transportation, railways, highways, posts and telecommunications, water and electric power supply, and recreational facilities. They are striving to draw up an overall construction plan and put it into effect in a short period of time.

3. Speed up the education of capable cadres who are bold in bringing about new ideas and creating new things and assign them to the work on internal cooperation and opening to the outside world. We should flexibly make use of people of ability and be bold in promoting those with weaknesses but who are able to create new things. All departments concerned should deeply realize that nothing will flourish without talented people, and should strive to build a specialized work force in a relatively short period of time to meet the needs of opening to the outside world.

CSO: 4006/242

PROVINCIAL AFFAIRS

BEIJING MUNICIPALITY ENCOURAGES HOME BUYING

OW291233 Beijing XINHUA in English 1151 GMT 29 Dec 84

[Text] Beijing, December 29 (XINHUA)--Businesses and government departments in Beijing will start selling flats to their workers from January 1, 1985, the municipal government announced today.

The authorities have agreed to let home-buyers obtain a maximum subsidy of two-thirds of the price of flats from their units, and pay the rest in a lump sum or by instalment over 10 years.

The subsidy will be provided only for those who buy apartments at about 300 yuan per square meter of floor space. Better-quality housing must be paid for in total by the buyers.

All organizations have been ordered to set aside 20 percent of apartments they build to sell to their employees, especially those who have no homes or who live in over-crowded conditions.

So far, Beijing residents have been allocated homes by their work units or local housing administrations. Sales of housing in Beijing started in 1982 but only to Overseas Chinese at the time.

By the end of 1983, Beijing citizens had an average floor space of less than six square meters, although almost 50 million square meters of housing had been built over the past 35 years--about four times the total housing floor space in old Beijing.

A housing department official said the sales were aimed at easing the housing shortage, providing extra funds to speed up the construction of apartments and reducing the financial burden on the state.

Beijing residents have long enjoyed a low monthly rent of between 0.12 yuan and 0.16 yuan per square meter of floor space.

CS0: 4020/63

PROVINCIAL AFFAIRS

BEIJING CIRCULAR ON SELLING LIVING QUARTERS

OWO61726 Beijing XINHUA Domestic Service in Chinese 1302 GMT 1 Jan 85

[By reporter Qiu Yongsheng]

[Text] Beijing, 1 January (XINHUA)--The Beijing Municipal People's Government has issued a circular saying that beginning 1 January, official organs, mass organizations, enterprises (including collectively owned units), and other establishments should, in accordance with the principle of selling first and distributing second, subsidize the selling of not less than 20 percent of the newly completed housing units, which are built either with funds appropriated by the government or with funds raised by themselves, to their staff members and workers.

This is an important measure of the urban housing reform which Beijing has taken to speed up housing construction.

In this connection, the Beijing Municipal Government has promulgated experimental measures on subsidizing the selling of housing units, which says that housing units to be sold with subsidies should first be sold to homeless people, bachelors over 30 who are to marry, families living in seriously congested living quarters, families having to vacate their quarters for the original owners, and other people with housing problems. Commodity housing units of general standards should tentatively be sold for 500 yuan per square meter, but actual selling prices should be set in accordance with location, altitude, direction, and other factors. An individual worker's payment should be determined appropriately in accordance with his or her financial situation and his or her unit's ability to subsidize, but the worker's payment should not be less than one-third of the actual selling price, with the remainder to be subsidized by his or her unit. The price of higher-standard housing should be set according to their quality and will be sold without subsidy.

According to the experimental measures, a worker who wants to buy his or her own house should either pay in advance or pay the full amount in one lump sum, or pay by installments. Preferential treatment shall be given to those who pay in advance or pay the full amount in one lump sum.

The experimental measures also stipulate that individual housing buyers should register their estates at the local housing control department and get their certificates of housing ownership. The property rights belong to the owner; it is protected by state law; and it can be inherited and is exempt from deed and property taxes.

PROVINCIAL AFFAIRS

BRIEFS

HUBEI TOWNSHIP, TOWN ENTERPRISES--The output value of each of the township and town enterprises in 27 counties in Hubei Province in 1984 exceeded 100 million yuan, which was some 100 percent more than in 1983. The output value of each of the township and town enterprises in 9 of the 27 counties exceeded 200 million yuan. The output value of each of the township and town enterprises in Mianyang, Juangpi, and Deye Counties and in Hongshan District, Wuhan City, exceeded 300 million yuan. According to preliminary statistics, the gross output value of the township and town enterprises in these 27 counties in 1984 was over 4,858 million yuan, which accounted for 74.7 percent of the gross output value of all township and town enterprises throughout the province, and which was 2 billion yuan more than in 1983. [Summary] [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 2 Jan 85 HK]

QINGHAI TOWNSHIP, TOWN ENTERPRISES--To date, Qinghai Province has some 2,700 township and town enterprises. The gross income of all township and town enterprises in the province in 1984 is estimated at about 150 million yuan, [an] increase of 20 percent over 1983. The number of workers in all township and town enterprises throughout the province last year was 59,000, some 9,200 more than in 1983. [Summary] [Xining Qinghai Provincial Service in Mandarin 1100 GMT 4 Jan 85 HK]

LABORERS NEW YEAR'S GREETINGS--On the morning of New Year's Day, responsible comrades of the Anhui Provincial CPC Committee and Government, in separate groups, visited workers working in factories and veteran cadres recuperating in hospitals and extended New Year's greetings to them. Two provincial leaders visited cadres and workers working at the Hefei Power Plant and extended New Year's greetings to them. They were Huang Huang, secretary of the provincial party committee; and Lu Rongjing, deputy secretary of the provincial party committee. Comrades Huang Huang and Lu Rongjing also thoroughly inspected the site of a 125,000-kilowatt generator under construction and urged workers and staff members to take the guidelines of the 3d Plenary Session of the 12th CPC Central Committee as a motive force to accelerate the construction and strive to put the generator into operation sooner. Two other provincial leaders extended their regards as well as New Year's greetings to the veteran cadres hospitalized or recuperating at hospitals. They were Wang Yuzhao, deputy secretary of the provincial party committee and governor of Anhui; and Meng Fulin, member of the Standing Committee of the provincial party committee and vice governor of Anhui. [Text] [Hefei Anhui Provincial Service in Mandarin 1100 GMT 2 Jan 85 OW]

JIANGSU FIRST IN OUTPUT--Nanjing, December 25 (XINHUA)--For the first time in history, industrial production in the rural areas of Jiangsu Province, east China, has surpassed farm output this year, local authorities report. Industry accounted for 21.5 billion yuan out of a total value of 42.5 billion yuan generated in Jiangsu's rural areas this year. This means that industry now makes up 51 percent and farming 49 percent of the whole rural economy. In 1978, rural industry accounted for only 30 percent of the total. Jiangsu's new development is part of the nationwide drive to expand industry in the countryside and diversify the rural economy under the present policies for socialist modernization and economic reforms. Encouraged by these policies, Jiangsu's rural industrial and agricultural output has increased by a record 49 percent since 1978, but rural industry has grown even more rapidly, by as much as 230 percent. Jiangsu now ranks first in China in total industrial and agricultural production, with grain, cotton, hog and silkworm cocoon output among the highest in the country. Other provinces that have successfully expanded rural industry include Zhejiang and Liaoning. [Text] [Beijing XINHUA in English 0645 GMT 25 Dec 84]

SICHUAN RELIEF WORK--At the provincial conference on roads, waterways, and water conservation in poor counties, provincial Vice Governor Jiang Minkuan said on 11 December that the provincial CPC committee and government had decided to provide poor mountain areas with grain, cotton and cloth worth some 380 million yuan to help them in building roads, waterways, and water conservation projects. [Summary] [Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 11 Dec 84 HK]

GANSU COLOR TELEVISION PRODUCTION--The Gansu Television Set Plant imported a color television set production line from Japan in April of this year. This production line was inspected, accepted, and put into operation this afternoon. Leading comrades of the provincial CPC committee, the provincial government, and the provincial CPPCC committee, including Jia Zhijie, Wang Bingxiang, and Hou Zongbin, attended the rally and cut a ribbon to mark the start of the color television set production line. The Gansu Television Set Plant is one of the key factories under the Ministry of Electronics Industry for the production of black and white and color television sets. Since 1972, the plant has produced 260,000 television sets of various types and descriptions. This production line is now capable of producing 150,000 14-inch color television sets a year. [Summary] [Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 25 Dec 84 HK]

SHANGHAI TRADE UNION COUNCIL PLENUM--The fourth plenary session of the Seventh Shanghai Municipal Council of Trade Unions ended in Shanghai on 19 December. Chairman (Yuan Zhangdong), in his work report, called on trade unions at all levels to do their best to promote production forces and to enable staff members and workers who work hard to become well-off first. He said: Henceforth, there should be new criteria for selecting model workers. A model worker should be able to improve economic efficiency through economic reform. Whoever can set an example in becoming well-off through hard work is a model worker. Yesterday's closing session also adopted a decision to commemorate the May 4th Movement and the 60th founding anniversary of the Shanghai Council of Trade Unions and to launch education on revolutionary traditions among staff members and workers. [Text] [Shanghai City Service in Mandarin 2300 GMT 19 Dec 84 OW]

AGGREGATE ECONOMIC DATA

BRIEFS

SHANDONG INDIVIDUAL BUSINESS--Thus far, the number of self-employed industrial and commercial households in Shandong Province has increased to 700,000, and their retail sales volume has reached 1.6 billion yuan, a 50-percent increase over the corresponding period of last year. [Excerpt] [Jinan Shandong Provincial Service in Mandarin 2300 GMT 12 Dec 84 SK]

NEI MONGGOL URBAN CONSTRUCTION--Nei Monggol achieved new progress in urban construction. Thus far, 530,000 people, or 33 percent of the urban population, in the region have enjoyed tap water. Urban surfaced roads have increased from 66 percent in 1983 to the present 69.8 percent. By the end of the year, investment in urban gas supply and central heating system may total 15.29 million yuan. By spring festival, Hohhot City's gas supply project may supply gas to 7,000 families. [Excerpts] [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 30 Dec 84 SK]

TIANJIN RESIDENTIAL CONSTRUCTION--In 1984, Tianjin Municipality overfulfilled the task of building 3 million square meters of residences and 200,000 square meters of subsidiary projects for public buildings. [Summary] [Tianjin City Service in Mandarin 0300 GMT 29 Dec 84 SK]

CSO: 4006/246

JINGJI GUANLI ON EQUIPMENT LEASING IN GEOLOGY UNITS

HK260553 Beijing JINGJI GUANLI in Chinese No 10, 5 Oct 84 pp 49-51

[Article by Hou Zhaixiong [0186 2507 7160], Xie Wenhua [6200 2429 5478] and Xie Bingyan [6200 3521 3508]: "A Probe Into the System of Equipment Leasing in Geological Departments"]

[Text] For many years in the past, the geological minerals system implemented the method that the main equipment was purchased with state investment and was distributed to various bureaus and teams for free use. This practice, which was promulgated by management through administrative means, has given rise to many flaws and the bad habit of various grassroots units which are inclined to neglect economic returns in the use of such equipment. In accordance with the characteristics of geological work and the flaws of the present management system, our Fujian Provincial Geological Minerals Bureau has, since 1981, probed into the method of leasing equipment which has replaced the past practice of free allocations and has brought about favorable results over the last 3 years.

Reform in Possession of Equipment by Geological Departments Is Necessary

The geological departments belong to work units and all operating expenses are to be paid by the state in the form of allocations of affairs funds. They do not sell products or submit profits to the state. Before 1980 the equipment of the geological departments was purchased through direct state allocations by the departments and bureaus and distributed. Economically speaking, the user units did not have to pay any kind of compensation to the state. After 1980, the system of withdrawing a considerable amount of depreciation funds was resumed. However, this was not withdrawn from the marketing of products but from the state's allocation of work funds. Thus, the geological departments for many years in the past have ignored research on objective laws governing the change of conditions of the equipment and were used to "eating from the same big pot." As far as management was concerned, they relied solely on administrative means, giving major consideration to technology and only the slightest consideration to economics. Violating objective economic laws has brought about the following disadvantages:

1) Excessive possession of equipment. Owing to the fact that equipment was freely allocated and could be obtained only with the approval of the higher levels, thus when applying for additional equipment, the grassroots units merely considered their own convenience without giving any consideration to economic returns. Under the guidance of the erroneous ideology of "preparing for a rainy day" and "better excessive than insufficient," they blindly asked for equipment, leading to the excessive possession of equipment.

2) Low utilization rate. Due to the characteristic of multifunctional work in geological production, incomplete equipment would affect progress of surveying and exploration, however, the utilization rate of complete sets of equipment was not high. Nevertheless, when the grassroots units obtained the equipment, which was regarded as their own property, they were reluctant to lend it to others even when it was idle. Thus, the phenomenon of "things are dead when they arrive at their destinations" has been very common. In accordance with present regulations, the idle equipment generally does not cancel depreciation; however, the suspended operation of such equipment cannot prevent visible or invisible damage. As a result, the cost of such damages is unable to be shifted and even affects the renovation and replacement of equipment, thus obstructing technical advances.

3) Serious extravagance. Due to the fact that demand for new equipment is free and repair of equipment requires spare parts, materials and work hours, many grassroots units are "glad to accept new equipment and reluctant to accept old ones," laying aside the old equipment when the new one comes and are reluctant to repair used equipment. As a result, there is accumulation of idle equipment in storage simultaneously when demands are put forth to the state for new equipment. The storing conditions of many units in the countryside are bad, a large part of the equipment is stored uncovered, exposed to sunlight and rain, and finally becomes rusted and damaged. This leads to serious extravagance.

For many years in the past, since the fundamental question of possession of equipment has not been solved in equipment management, there has been confusion and disjunctions in many cardinal links of equipment management. This has led to many contradictions, such as the excessive possession of equipment, heavy management work, inflated volume of maintenance work, increases in equipment maintenance fees, inadequate storage space, and so on. As a result, under the conditions of poor maintenance and a low technical standard, the equipment becomes damaged earlier than expected and there is a new request for new equipment. This increases the possession rate and forms a vicious cycle. Although various administrative means and technical measures have been adopted in the past to improve the efficiency of equipment, efforts were inconsistent despite the favorable results. Thus, it is necessary to reform the system of equipment possession in geological departments.

The Practice of Equipment Leasing in Our Bureau

The reform of the system of equipment possession is related to the reform of the structure of the national economy. Before there were overall reforms in the structure of the national economy, we tried to gather and lease part of the rarely used equipment in 1980 in order to rectify the above-mentioned faults. However, due to various ideological and system problems, we encountered much resistance and such progress was slow. In 1981 we integrated reform of the system of the geological departments and carried out an examination of the possession of equipment in the grassroots-level units in accordance with the scale, tasks, projects and workload of the units. The most frequently used equipment was allocated by the bureau in accordance with the equipment criteria. Equipment regarded as excessive after the examination was handed over to the bureau for management. Equipment other than the standard equipment required by the grassroots units was leased by the bureau. After practice for more than 2 years, the situation of indiscriminately requesting equipment, ignoring the fixed amount, and ignoring economic returns has been preliminarily improved.

The equipment leasing method is the basis for implementing leasing. It must cope with the demands of geological work, serve geological surveying and prospecting, and at the same time must play the role of an economic law. The main contents of the leasing method are as follows:

1) The scope and limits of equipment leasing. For the purpose of maintaining precision instruments, certain large-scale precision instruments and mechanical instruments are not to be leased in principle. Equipment other than these can be leased. Apart from leasing equipment from the bureau, the grassroots units also have the right to lease their own equipment to the bureau in charge of other units (including those outside the system). Income from rent belongs to the units in possession of the equipment and can be used for renovating capital.

2) Rent. The level of rent must be rational since it involves the economic interests of both parties. The rent is to be calculated in accordance with the following formula: Monthly rent equals monthly depreciation plus average monthly maintenance fees plus monthly management fees.

Attention must also be paid to new and old, external and internal equipment. We have stipulated that depreciation and maintenance fees of all new and retainable equipment are to be calculated at the levels fixed by the ministry. Depreciation of old and obsolete equipment is to be calculated per month by 6 over 1000 of the original cost of the equipment. The management fees are to be calculated as follows:

Management fees within the system equals (depreciation plus maintenance fees) x 2 percent;

Management fees outside the system equals (depreciation plus maintenance fees) x 5 percent.

3) Leasing procedures. Equipment leasing is an economic management method, and both the client and the owner must shoulder economic responsibilities. Thus, the leasing procedures must be put forth by the owners and a contract signed which will be valid only after both parties have signed. The contract is subject to economic constraints and supervision of the financial departments. The contracts must clearly specify the name of the equipment leased, the model, the serial number, the quantity, functions, time of rent, amount of rent, the method of payment, the supplier's address, the method of conveyance, and so on.

4) Liability and handing over. The party who leases the equipment must ensure the perfect condition of the equipment, the functions, and be responsible for maintenance. On the other hand, the party who rents the equipment must guarantee the correct use and maintenance of the rented equipment and be responsible for minor repairs and liable for damages. Therefore, when the equipment is rented or returned, it should be correctly inspected by both parties before it is handed over to either party. The condition of the equipment, the attached accessories, tools, technical information and records must be clearly specified in the contracts, and the client party must be responsible for the loss of attached accessories, tools and information. When the equipment is returned, the client party must show the maintenance record for the equipment during the leasing period.

5) Breach of contract and compensation. If either party wants to terminate the contract after it has been signed, it has to be dealt with as a breach of contract. The party who breaches the contract must pay 10 to 30 percent of the total rent as breaching fees. If the owner party fails to supply the equipment on time or the client party fails to pay the rent on time, they must pay for late charges.

Since our bureau launched, in a more comprehensive way, the method of equipment leasing in 1981, equipment has been rented on 73 occasions and the total rent received was 107,000 yuan. Although the equipment leasing method has not been recognized by all people and there is still great ideological obstruction owing to the incomplete reform of the economic structure, it has considerably speeded up management methods and the ideological understanding.

(1) The economic concept has been enhanced, the one-sidedness of attaching great importance to technology and ignoring economics has been preliminarily improved, economic returns of equipment management has been noticed and administrative means have been included in equipment management. For instance, the hydrological team of our bureau used to operate two drilling machines in order to drill wells for the community, and in accordance with the general regulation of having one machine stand by for one operating machine, a total of four drilling machines were needed. However, since the implementation of the leasing system, they have performed such work by strengthening management and did not use the stand-by machines. The same task was performed with only two drilling machines.

(2) The amount of equipment possessed has obviously dropped and the utilization rate has been comparatively raised. Prior to implementing the leasing

system, it was necessary to examine the basic number of equipment of each unit. In 1981, before examination, the 8 geological teams of our bureau possessed 2,265 drilling machines and repair machines, and the total cost was 12.44 million yuan. After the examination there were only 1,431 machines, a total of 834 machines was reduced, and the total fixed assets was reduced by 4.649 million yuan, representing 37.3 percent. Fixed asset costs for drilling per meter was reduced from 192 yuan to 121 yuan, showing a decrease of 36.9 percent.

(3) Investment has been economized, coping with the varying tasks of the geological departments and the characteristic of frequently using equipment for short durations. Only in 1982, when we started to lease excessive equipment, did we reduce the installation of new equipment by 119 machines and reduced investment by 981,400 yuan. At the same time, we ensured the demands for geological survey and prospecting. In August 1981 the mapping unit of our bureau undertook an aerial photography task and required the use of a wagon for 4 months. According to past practice, it would have been necessary to spend 30,000 yuan to purchase a new one. Since the implementation of the leasing system, we helped them to rent one from other units within the system and a drive was also provided. We only spent 1,830 yuan for 4 months. This helped to reduce investment and also guaranteed the accomplishment of the task.

Reform of the Equipment Possession System Must Be Integrated With the Entire Reform of the Structure of the National Economy

Our present practice of equipping the various grassroots-level units in accordance with their tasks, and leasing certain parts of the equipment is a reform of the equipment possession system. It is a method which takes administrative means as the predominant means and economic means as the supplementary ones. Although this method is still imperfect, we can see in the course of actual practice that it better suits the characteristics of geological equipment in surveying and prospecting and is conducive to improving economic returns in equipment management.

The reform of equipment possession is a part of the entire reform of enterprise management. It is closely related with management of various departments and trades. A certain unit of a certain department can only carry out minor reforms within its own jurisdiction and more thorough reforms must be integrated with the entire reform of the economic structure. In our opinion, the following aspects should be reformed in order to further push forward the equipment leasing system:

(1) The present practice of free allocation of equipment by the ministry and departments of the various grassroots units of the geological system must be reformed. This is because such a practice is unable to correct the ideology of "eating from the same big pot" and makes the grassroots units become accustomed to the practice of requesting equipment from the higher levels without considering economic returns. If we can achieve the method of contracting expenses to units, change the method of assessing equipment possession in accordance with the tasks and assessing equipment possession

expenses in accordance with the tasks, encourage the units to contract responsibilities and allow them to retain the balance of the revenue and expenditure, the equipment leasing system will have fuller vitality. We are prepared to carry out an examination of the basic equipment of the various grassroots-level units in accordance with the scale of the geological teams, which will remain unchanged for a considerable time. As far as instruments such as the prospecting and conveyance equipment, for which the utilization rate varies to a great extent, the possession amount is to be assessed in accordance with the annual tasks; other instruments are to be leased in order to solve the contradictions of varying geological tasks.

(2) The methods of deducting depreciation costs of the equipment must be reformed. When the equipment is leased, the possession rate is lowered and the utilization rate is raised. However, when a large amount of excessive equipment is returned and in accordance with regulations, the suspended and stored equipment is not subject to deduction of depreciation costs. Thus, this will greatly reduce the renovation funds of the units which implement the equipment leasing system. We intend to deduct depreciation expenses for certain suspended excessive equipment in accordance with the stipulated depreciation rate.

(3) The organizing organs must carry out appropriate reforms. The launching of the equipment leasing system will increase workloads such as financial budgeting, technical examination, maintenance services and so on, and all this requires specialized personnel. It is necessary to establish special organs or strengthen the equipment departments, expand the storage space, and employ a considerable number of technicians, financial and maintenance personnel to take charge of such work. In the wake of the expansion of the leasing trade in the future, it will be possible to launch other business such as equipment maintenance, technical services, technical information and so on, gradually approaching socialized businesses.

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ECONOMIC MANAGEMENT

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[Article by Chen Jiagui [7115 0163 6311]: "Organs of Economic Management Must Also Undergo Transformation"]

[Text] Under a highly centralized management system, the economic management organs placed the enterprises completely under the control of their own administrative measures. The central task of an enterprise is production and the enterprise is purely of a production type. Correspondingly, the central task of an economic management organ is to direct production and the organ is purely of a production direction type. Actual practice over many years has shown that economic management organs of a production-directing type have many defects.

Following the intensive development of the reforms, the nature and status of enterprises, being cells of the national economy, are undergoing many changes, gradually changing from purely production units to relatively independent units engaging in commodity production and general operations. Changes in the status and operation form of the enterprise require that the superstructure must undergo corresponding reforms. It is also necessary for economic management organs to change from being of a purely production-directing type to a type which provides guidance and services.

These changes are principally shown in the following directions:

First, the principal management functions must undergo changes. Due to the fact that under a highly centralized management system, the enterprises are appendages of the economic management organs of the government and are purely production units, the economic management organs must principally perform the function of directing the enterprises' production. Following the gradual transformation of the enterprise into the production and operation type, the various economic management organs, though possessing differences in the division of work between themselves and different concrete functions, will have, as a whole, to transform their principal functions into coordinating, balancing, servicing, and supervising.

Second, the focus of management will also undergo changes. These changes will be principally along the following three lines: 1) Originally, management was

centered on microeconomics and it was not possible to concentrate energy on macroeconomics. This constituted one of the important causes of the problems of blind construction, redundant construction, imbalances in proportions, and so forth. Following the transformation of the nature of the economic management organs into that of guiding and servicing, they should pay as little attention as possible to the production and operation activities of the enterprises and allow them to carry out their own operations under the guidance of the state plan. The economic management organs should devote the main part of their energy to macroeconomic control, such as controlling the major and important proportionate relations, investments, major construction projects, and so forth, balancing finances, credit and loans, foreign exchange, and the major materials, making rational arrangements for developing the various industries and trades and the geographical distribution of the productive forces of the whole country, and so on and so forth, so as to ensure the coordinated and balanced development of the whole national economy. 2) In the past, energy was principally devoted to realizing targets for recent periods and much attention was given to the condition of the fulfillment of plans for a month, or a session or a year and insufficient attention was paid to compiling medium- and long-term plans. After conversion of the economic management organs into a guidance-and-service type, efforts should principally be spent on realizing medium- and long-term fighting targets. We should pay attention to studying long-term economic development strategies and to studying the compilation of medium- and long-term development targets and to the important technical and economic policies for realizing these targets. 3) In the past, major effort was devoted to fulfilling the quantitative plans, and it was thought that the greater the volume of output of an enterprise and the growth rate of the output value, the better were its economic results. As a result, production and marketing were seriously dislocated, style and variety of products remained monotonously unchanged, and the products were sub-standard in quality and high in price. Following the transformation of the economic management organs into the guidance-and-service type, efforts should in the main be devoted to improving economic results. It is necessary not only to pay close attention to maintaining macroeconomic balance and coordination, to straightening out the various kinds of economic relations and to preventing the emergence of serious errors in policy-making but also to adopt various methods to enable the enterprises to develop new products, increase the variety and style of products, improve the quality of products, lower the consumption rate, watch changes in the market, satisfy market needs, reduce the cost of production, and increase profits.

Third, there must also be changes in management tactics. In the past, in managing the enterprises, the economic management organs principally resorted to issuance of mandatory plans and other kinds of administrative directives. Following the transformation of the economic management organs from the production-directing type to the guidance and service type, it is true that they still retain their power of administrative intervention over the enterprises in ways such as the departments in charge appointing the factory head (manager) of the enterprise and fixing mandatory targets for a small number of products while, on the part of the state, it will still make certain compulsory regulations concerning the prices of certain products. However, over the great majority of the production and operation activities of the enterprises, the organs principally resorted to the use of economic levers, economic legislation

and supervision to assert their control and to achieve their objectives such as: Encouraging the progressive ones and urging on the regressive ones, encouraging the development of short-term products and restricting the development of long-term products; encouraging the development of new products and eliminating regressive products; and encouraging adoption of advanced technology and banishing backward technology.

As for how to solidly realize the "transformation" of organs of economic management, first of all, it is necessary to streamline administration and delegate power, and to free the organs themselves from managing the daily economic affairs of the enterprises such as those concerning production, supply, marketing, personnel, finance, and materials.

Delegating power is the prerequisite to streamlining administration. Since the founding of the PRC, we have performed the work of streamlining the structure many times. But we not only did not achieve the desired objectives but also met with opposite results. Thus, the more the organs were simplified the more complex they became; the more administration was simplified likewise the more complex it became; and the more we reduced personnel the larger it became. The basic cause bringing about conditions of this kind may be ascribed to the failure to link together streamlining administration and delegating power. We should first delegate power then streamline administration.

The kinds of power economic management organs can delegate to the enterprises are many. The two principal ones are as follows:

First, it is necessary for the various ministries of industry of the central government and the industrial departments and bureau of provinces and regions to delegate their power of controlling the enterprises to the large and medium-size cities and towns. Many years of practice has shown that the ministries of industry of the central government and the industrial departments and bureau of the provinces and autonomous regions, in directly controlling the enterprises, have become directly involved with the concrete affairs which should be managed by their directly subordinate enterprises, neglecting and weakening their management of the industries and trades. In production planning, supply of materials, technical transformation and investment of funds they were frequently inclined to favor the directly subordinate enterprises and unfairly treat those enterprises not directly subordinate to them. All these were disadvantageous to making overall production arrangements in accordance with objective demands and with the good or poor operational performance and the high or low economic results of the enterprises concerned. They were also disadvantageous to relying on cities and towns to organize specialized cooperation and development and to developing various kinds of economic combines. Hence, with the exception of certain industrial ministries and a small number of provinces and regions which have a weak industrial foundation and few large and medium-sized cities, the great majority of the industrial ministries and industrial departments or bureau of provinces and regions should not directly control enterprises. In general, managing enterprises should be delegated to the large and medium-sized cities.

Second, the power of formulating the yearly plan should be delegated to the enterprises. At present, the departments in charge of economic affairs all

have charge of the yearly plan; some even control the seasonal plans of the enterprises. The enterprises have only the power to formulate the production and operation plans. But the work of compiling the yearly plan is rather complex. It is usually prepared by an upper-level organ and sent to the enterprises but its content is frequently changed. It often creates the situation whereby a yearly plan "takes a year for the planning process." If conditions of this kind are not rectified, then not only the streamlining of administration cannot be accomplished but also many of the powers which the state gives to the enterprises cannot come true and enlivening of the enterprises will be difficult. Hence, it is necessary to change the state's management of the production plan of industry from taking the yearly plan as the primary factor and the 5-year plan as the supplementary factor to taking the 5-year plan as the primary factor and the yearly plan as the supplementary factor. The state should provide the enterprises with a 5-year plan (the yearly targets may be listed) and take the fulfillment of the tasks in the 5-year plan as the criterion for assessing the performance of the enterprises. At the same time, by means of publishing economic newsletters annually, economic measures with the purposes of encouraging and keeping development under control may be formulated and announced so as to guide the production and operation activities of the enterprises. Thus, the state, aside of formulating the 5-year plan, will primarily grasp control of finance, taxation, credit and loans, foreign exchange, important material resources, scale of investments, and major construction projects, while, in general, production and operation power will be delegated to the enterprises. The enterprises, based on the demands of the state's 5-year plan, on market needs, and on their own state of affairs, autonomously formulate the yearly plan which will then be submitted to the relevant department in charge for reference or approval. On their part, the departments in charge will only do coordination work concerning problems of imbalance between the enterprises. In this way, it can not only enable the economic management organs to concentrate their strength on studying strategic and overall problems and strengthening management of the industries and trades but also give the enterprises even greater decisionmaking power in compiling plans, thus creating the necessary conditions for the enterprises to become relatively independent in the production of commodities and in their operations.

Economic management organs, aside from delegating power level by level and delegating a portion of the power to the enterprises, can also transfer certain work of a business character which is irrelevant to the question of power to civilian federations of industries or trades to carry out democratic management, such as, for example, fact-finding and investigation work concerning conditions of industries and trade, making recommendations and draft proposals on development plans for industries and trades and policies on the direction of development of products and technical equipment, formulating certain "trade regulations" of a covenant nature, providing enterprises with technical and economic information and answers or advice to inquiries and queries, training of personnel, summing up and promoting advanced technology and advanced management experiences, organizing inter-factory contests and appraisal and assessment work between industries and trades, leaving them to the democratic management of the civilian federations of industries and trades.

After the delegation of power by the organs of economic management, relevant adjustments should then be made to their functions, to thus perfect the

industrial administrative and management system. According to the functions of management over the enterprises, the government's economic management structure may be divided into three separate systems, these being departments in charge of management of functions, departments in charge of management of industries and trades, and departments in charge of enterprises.

The government's departments of management of functions are many in number. In accordance with their principal role, they may be divided into three subdivisions, as follows:

1. Sub-division of regulating and balancing, including such departments as planning, prices, taxation, banking, labor's wages, and finance. Within this system, the functions of the various departments still need to be further clarified and the methods of work of the various departments also need to be further improved, but there must still be a more authoritative overall department to regulate the functions of the various economic levers. The role of this department should best be filled by the planning commission, because, since the planning commission is responsible for the compilation of plans and also for their fulfillment or non-fulfillment, it should have in its hands the regulation tactics for the fulfillment of the plans, otherwise there is no guarantee that the plans can be realized.

Since the planning commission exercises the function of the overall management of the various economic levers, it should be endowed with the relevant power and authority, so that it may become a "commission" true to its name and with participant members including departments which take charge of prices, finance, taxation, banking, labor's wages, and so forth, working under the leadership of the financial and economic sub-groups in compiling plans and regulating the functioning of the various economic levers.

2. Sub-division of coordination and services, including the existing organizations and departments such as the economic commission and the Ministries of Railways, Communications, Electric Power, Material Resources, Commerce, Foreign Trade, and so forth. Within this sub-division, the economic commission should play the role of overall coordination. The economic commission not only must coordinate the work of the departments in charge of communications and transport and supply of energy and material resources so that they may create the necessary material conditions for the production and operation activities of the various enterprises but must also sum up, analyze, and periodically compile the economic information supplied by the various departments for use by the enterprises as reference materials in compiling their yearly plans and forming other economic policies.

3. Sub-division of supervision. This sub-division should comprise the departments in charge of auditing, industrial and commercial administration and management, statistics, finance, and banking. The auditing department should serve as the overall supervisory department. To achieve the transformation of the organs of economic management, this sub-division should be strengthened, and, in particular, the auditing department, which carries the heavy task of overall supervision, must be gradually perfected and strengthened. At the same time, the government's supervision must work in unison with judicial supervision and the functions of the judicial courts must be brought into full play.

In mentioning the government's departments of management of industries and trades here, we refer to the various ministries of industry of the central government, the industrial departments or bureaus of the provinces, municipalities and autonomous regions, and the industrial bureaus of large and medium-sized cities and towns. Following the various ministries of industry of the central government and the industrial departments and bureaus of the provinces, municipalities and autonomous regions no longer being in charge of the enterprises, the organs and departments may be streamlined or merged. Following their streamlining or merging, these governmental ministries and bureaus of departments of industries will principally exercise the functions of the government's departments of management of industries and trades.

After the delegation of the management of the enterprises to the cities and towns, it is necessary that there be departments to take charge and the industrial bureaus of large and medium-sized cities and towns should perform the functions of departments in charge of enterprises. However, they must greatly streamline their management methods, and principally must attend to the following four matters: First, planned management of the enterprises should be enforced. The enterprises must uniformly be given a scientific 5-year plan which has gone through a comprehensive balancing--this to coordinate with the yearly plan of the enterprises. The 5-year plan (comprising such sectors as production, marketing, materials, energy, labor's wages, capital construction, technical transformation, and so forth) may be compiled by the relevant departments but must be jointly examined by the planning department and the department in charge of the enterprises, and must be dispatched to the enterprises in a unified manner by the department in charge of the enterprises. Directives and orders from the relevant departments to the enterprises must go through selection and sorting by the department in charge to be then forwarded to the enterprises for execution. Second, assurance must be given to the enterprises concerning the availability of the materials and resources in the enterprises' execution of the mandatory plan and also assurance must be given of undertaking responsibility for any economic losses suffered by the enterprises on account of errors in policy-making. Since the departments in charge have the power to issue to the enterprises various plans, directives, and orders, they have the responsibility to solve for the enterprises any problems which require solution by organs at a higher level during the process of carrying out of these plans and orders. At the same time, regarding whether these plans, directives, and orders are correct or not, they must bear the economic and legal responsibilities. Third, appointment and dismissal of factory heads (managers) of enterprises. Appointment, dismissal, and assessment or evaluation of the factory heads (managers) of enterprises under the system of ownership by the whole people is one of the important landmarks differentiating these enterprises from those under the system of collective ownership. The plant heads of enterprises under the system of ownership by the whole people possess a dual status, that is, representing the state in managing the enterprise and being responsible to the staff members and workers of the whole plant. Therefore, in appointing and dismissing factory heads, the department in charge of the enterprises must display the principle of democratic centralism. If the factory head is democratically elected or nominated by representatives of the staff, then scrutiny and approval by the department in charge is necessary. If the factory head is selected and designated by the department in

charge, then after a period of service at the enterprise, approval must be sought from the representatives' congress of the staff members and workers. The same procedure applies to the dismissal of a factory head. Fourth, enforcing economic and administrative supervision over the enterprises and making the enterprises fulfill in an overall manner the mandatory plan issued by the state, firmly carry out the various guidelines and policies of the party, and strictly observe the economic regulations of the state. In accordance with the good or poor performances of the enterprise they should be accordingly rewarded or penalized.

Following the above-mentioned readjustment of the organs of industrial administration and management and of their functions, the various systems of balance, regulation, coordination, service, and supervision will be strengthened, and changes will also be effected in the functioning of the departments of management of industries and trades and of the departments in charge. This creates important conditions for converting organs of economic management from the production-direction type to the [word indistinct] and service type.

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ECONOMIC MANAGEMENT

PEOPLE'S INSURANCE COMPANY BUSINESS EXPANDS

OW251429 Beijing XINHUA in English 1307 GMT 25 Dec 84

[Text] Beijing, December 25 (XINHUA)--The People's Insurance Company of China will in 1985 underwrite a nuclear power plant to be built in Guangdong and two communications satellites to be imported. The 1.8 million kilowatt plant will be built by the Guangdong Nuclear Power Investment Company and the Hong Kong Nuclear Power Investment Company.

"It is highly possible that the services will involve high risks," Wei Runquan, general manager of the company's foreign insurance department, said today. "But we'll manage with the business by using advanced foreign methods and experience." "This is the first time that we will underwrite such things," he said.

The Chinese People's Insurance Company now operates more than 100 services, including 40 foreign-related ones. Earnings from foreign insurance services this year will reach 173 million U.S. dollars up 7.4 percent over 1983, according to Wei in an interview with XINHUA.

The company now practises flexible measures including adjusting insurance clauses and premium rates from time to time to help boost foreign investment and technological import in the four special economic zones and the 14 coastal cities opened wider in March.

Nine major claims occurred this year, calling for 20 million U.S. dollars reinstated, Wei said. In April, cargo vessel "Longxikou" owned by the China Ocean-shipping Company exploded and sank in the East China Sea. The company made a compensation of 7 million U.S. dollars.

Before long, the company paid out more than 2 million U.S. dollars on export goods on "Sea Carrier," a foreign vessel, which sank off Wenzhou in Zhejiang Province.

Domestic insurance business has snowballed, according to Ye Yide, another senior company official. The company expects to earn 1.4 billion yuan from its domestic operations this year, 40 percent over 1983.

The People's Insurance Company of China now has 2,067 branches in China and abroad.

ECONOMIC MANAGEMENT

ZHEJIANG PLANT CARRIES OUT MANAGEMENT REFORM

OWO70617 Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 30 Dec 84

[Radio speech by (Han Ziren), director of Hangzhou Magnetic Recording Equipment Plant; recorded, date not given)

[Text] Listeners: I am (Han Ziren), director of the Hangzhou Magnetic Recording Equipment Plant. Formerly our plant was called (Xuezheng) Machinery Plant. In 1980, it was renovated, and the name was changed to Hangzhou Magnetic Recording Equipment Plant. The decision on this change laid a foundation for our plant's rapid development toward modernization. The magnetic recording equipment is a peripheral memory device for electronic computers. It is a technology-intensive product which our country could not produce in the past.

Since 1977, our plant's output value and profit have increased each year by an average rate of 24.9 and 23.9 percent respectively. The total output value for 1984 is nearly quadruple the 1980 record. In 1983, the extra-quota profit and tax payment averaged on a per-capita basis ranked the highest among all units in the computer trade under the Ministry of Electronics Industry. The year 1984 has seen a further rise; and as of the end of November, our plant's profit had already overfulfilled this year's quota as specified in the contract and was 2.15 times as much as the prescribed basic figure. Because of this, our plant was praised by the Administration of Computer Industry and the China Magnetic Recording Equipment Corporation and received an award of 150,000 yuan.

Since 1981, our plant has been named an advanced enterprise of Zhejiang and an advanced unit in enterprise management in the province. Three products made by our plant have been cited as fine-quality products in the province and the country. Two new products have been given the Golden-Dragon Award by the State Economic Commission.

In recent years, we have consolidated our enterprise, reformed our management, and instituted economic responsibility systems at all levels. In May 1983, our plant became the first qualified plant appraised by the Administration of Computer Industry under the Ministry of Electronics Industry. We have applied modern methods to the management of the plant and used computers to assist in enterprise management. In reforming the management system, we have

adjusted and strengthened the leading body. Now among the cadres at and above the middle level in the plant, 63.8 percent have an education equivalent to or higher than college or secondary specialized school. With regard to the distribution system, we have eliminated the practice of eating from the same big pot, carried out the system of bonuses based on work points related to production quantity and output value, and put into effect the system of floating wages, thereby arousing the initiative of the broad masses of staff and workers. As for production, we have not only fulfilled the state production plan for magnetic recording equipment but, at the same time, have gone all out to develop new marketable products according to the demands on the market. After concentrating efforts to overcome many technical difficulties, we have trial-manufactured and put into production three models of magnetic recording devices, changing the previous state of affairs when our country had to depend totally on imports for the supply to these products, thereby filling a hole in the domestic industry. In the meantime, we have put into mass production pocket-type electronic calculators and plastic-forming [words indistinct] machinery and equipment, and have carried out the principle of [words indistinct], resulting in a considerable improvement of our plant's economic results.

In addition, we have made a rather big improvement in the well-being of our staff and workers. As far as housing is concerned, we have, since 1980, built 12 new housing units with a total floor space of 33,500 square meters. As a result, all those staff members and workers who started working in the plant in or before 1971 were provided with new housing and enabled to use coal gas.

In actual fact, competition in production and construction is competition in manpower. Because of this, our plant has paid attention to developing intellectual resources and training competent personnel. In 1979, with the support from six institutions of higher learning, including the Hangzhou Electronics Industrial College, Zhejiang University, Hangzhou University, and Huadong Engineering College, we opened six college-level seminars and one secondary-level class with students enrolled from various parts of the province. Starting from 1983, we have run a vocational school for training a new generation of technical workers with special skills. Up to now, the school has trained 221 college graduates and 48 secondary school graduates. They finished training in this vocational school 2 years ago and are now playing a fairly significant role at their respective work posts. In addition, we have selected and sent 31 engineers and technicians to Japan, the United States, West Germany, and Canada to make observations and to learn advanced technology. In the meantime, 21 staff members and workers have been selected and sent to institutions of higher learning in various specialized fields in the country in order to have them receive further training. Now our plant has a big technical force with the number of engineering and technical personnel accounting for 35 percent of the total staff members and workers.

Looking forward to the future, we are full of confidence. The principle we will carry out in 1985 is to [words indistinct]. On the basis of the remarkable achievements we have made this year in carrying out reforms, we are

determine to implement a full-scale economic responsibility system centering on the contract arrangement and strive to raise the economic results of our operations by more than 50 percent above last year's level. We plan to set up modern production lines for making magnetic recording devices and pocket-type electronic calculators and build our plant into a garden-like [words indistinct] plant.

Thank you for listening to my speech.

CSO: 4006/246

ECONOMIC MANAGEMENT

JINGJI GUANLI ON COMPANY-FACTORY RELATIONSHIP

HK261542 Beijing JINGJI GUANLI in Chinese No 10, 5 Oct 84 pp 37-38, 54

[Article by Yong An [3057 1344], Xiao You [2556 0147], and Jian Ping [1696 1627]: "Straighten Out the Relationship Between the Company and the Factory in the Course of Streamlining Administration and Delegating Power"]

[Text] "Middle obstruction" is a common phenomenon in our current economic system. A factory is subjected to the control of not only a vertical "old lady" but also many horizontal "old ladies" as well as "old ladies" who do not show themselves. Here, the relations between the administration and the enterprise are closely knitted together both vertically and horizontally. The relationships are not all smooth ones and there are many obstructions. As seen from the initial actual practice of our Changzhou Textile Industrial Company, to remove these obstructions and do a good job of streamlining administration and delegating power, it is necessary to take a further step in straightening out the relationship between the company and the factory. In this article, we shall offer a few viewpoints on this question.

I. Correct Handling of the Contradiction Between Centralization of Power and Division of Power and Standing Firm on Letting the Factory Enlarge Its Decisionmaking Power and Become Enlivened

At present, the focal point in urban economic reform is to streamline administration and delegate power, thus to enliven the enterprises. Regarding the State Council's "Provisional Regulations Governing Further Extending the Decisionmaking Power of State-Run Industrial Enterprises," the views offered by the governments at various levels on delegating power are all based on the footing of enabling the enterprises to have more and larger decisionmaking power in management and operations, and more and greater mobility and vitality, so as to achieve the objective of improving economic results.

However, at present, on the question of extending the decisionmaking power of the enterprise, the factory says that it is an enterprise while the company also says it is an enterprise. Both wish to have their power extended and there thus exists a contradiction on the question of centralization of power and division of power between the company and the factory. If this question is not solved, then it will not be possible to do a good job of streamlining administration and delegating power.

After all, which of these two parties is the enterprise concerned?

It must be understood that a socialist enterprise is a small cell in the organic body of the national economy. It is an, relatively speaking, independent producer of commodities, or, it may be said, a relatively independent economic body. It must have relatively independent decision-making power on management and have its own economic interests. It must carry out business accounting and possess the status of a legal person.

Seen from the present actual condition, a factory is a unit which directly engages in commodity production, carries out independent business accounting, and possesses definite management decisionmaking power and economic interests. This denotes that a factory possesses the basic special features of an enterprise and that it is an enterprise. In addition, we must also note that the economic responsibilities that a factory [word illegible] are hardly commensurate with the economic power it possesses and the economic benefits it enjoys. We cannot, just because at present a state of serious division still exists between responsibility and power and benefits, proceed to say that it is not an enterprise. On the contrary, we should continue to strengthen the role of the factory as an economic body and its status of a legal person.

Seen from the company's angle, at present, the great majority of the industrial companies were converted from their original status of industrial bureaus. Though changed in name, basically the nature of their functions has not been changed to any great extent. For example, our Changzhou Textile Industrial Bureau was originally a first-grade functional organ of the state in the textile enterprises administration. In 1983, the bureau was changed into a company and began to employ economic tactics to administer its subordinate factories and played a definite and active role in such work as unifying production arrangements, attending to the rational and specialized division of work, and improving operations and management. However, because the company has a relatively complete set of production departments and between the industries and trades there is a lack of close internal economic relations and common economic interests, it is very difficult for the company to carry out singly independent business accounting. Particularly under the restraint of outside conditions, the company, on the one hand, being an enterprise in the nature of an economic combine, is subject to the control of the state; and, on the other, it must represent the government to carry out the state's functions of administering the enterprises. Its fundamental nature is still that of a first-grade administrative organ. At the most, it can only be considered as a mixed body of a semiadministrative and semienterprise nature. Therefore, at present a company of this category still cannot be reckoned as an enterprise.

From this it can be seen that at present streamlining administration and delegating power should be centered on the enterprises and not the companies. At present, the companies should not vie for power with the enterprises, far less withholding power from the enterprises. They should, taking as a start the basic point of enlivening the enterprises, initially delegate power to the enterprises and loosen the "hold" on them. Starting

with this objective, the Changzhou Textile Industrial Company has paid attention to, and insisted on, the principle of "the three have's" "the three no's." Acting in this way is advantageous to handling the contradiction between centralization of power and division of power.

The so-called "three have's" are:

Have advantages--that is, the power advantageous to enlivening the enterprises and the power advantageous to improving economic results must definitely be delegated.

Have rationality--that is, power which dares to break through those rational but illegally restricted areas and power which produces wealth, accumulates wealth, and utilizes wealth and which can give simultaneous benefits to the three parties of the state, the enterprise, and the staff must be gradually loosened and enlivened.

Have restraint--that is, based on the spirit of controlling important matters, leaving aside small matters, controlling macroscopic matters, and enlivening microscopic matters, avoid delegating power loosely. What should be loosened must be so loosened and what must be tightened must be so tightened. We should not always resort to use of the "incantation of the golden hoop" but a "cage" or limited sphere must be designated.

The so-called "three no's" are: no detaining, no retaining, and no withdrawing. That is, the company should not detain any power which the higher levels have openly specified must be delegated to the factories; the company should not retain, but should delegate as a whole, powers which the plants should enjoy and which do not come within the company's sphere; and the company should not withdraw any power originally belonging to the factory.

This time, our company has offered to the city government concrete views on delegating power. Power which belongs to the factory the company will, without any reductions but wholly, give to the factory. In addition, in accordance with the actual conditions of the textile industry and trade, supplementary measures have been taken and the company has formulated 60 detailed measures for delegating power and extending and enlarging the decisionmaking power of the factories in 10 spheres, including production planning, marketing of products, prices of products, selective purchases of materials, use of funds, management of assets and finance, establishment of organs, personnel and labor management, wages and bonuses, and methods of operation. For example, regarding the prices of products, the factory has the power to fix by itself the experimental sales prices of new products; the power, regarding a portion of the textile products, to try out differential prices on styles and seasonal differential prices not exceeding a fluctuation rate of 10 percent; the power to raise the prices of products of special and new art crafts; the power to fix by themselves 84 kinds of minor commodities, including trademark articles, lace, children's socks, polyester fiber decorating cloth, and so forth; regarding the use of funds, the factory has the power to directly negotiate with

the bank single-item equipment loans not exceeding 100,000 yuan each and can make its own decision on undertaking miscellaneous building projects which must produce results during the year, occupy an area not exceeding 400 square meters, and involve building costs not exceeding 50,000 yuan each; regarding operating methods, the factory has the power to carry out separate business accounting in its internal units, accept contractual operations, and so forth. At the same time, the company, resorting to the method of instituting "special plants," can give certain factories additional power in excess of what is prescribed in the 60 articles so that they can progress even faster in enlivening the enterprises.

II. Correctly Carrying Out the Functions of Management and Services: Striving in the Course of Streamlining Administration To Improve the Company's Service Functions

The company's functions should principally be guidance, supervision, service, and coordination, such as giving guidance to the factories in matters such as the direction of production and operations; supervising the factories in the correct execution and observance of the policies, statutes, and laws of the party and the state and in fulfilling the state plan; providing services to the factories in organizing new products, in developing, utilizing, and promoting new techniques, in improving management and control, in rectifying the trend of being "small but comprehensive," and so on; and coordinating the development among the factories and their vertical and horizontal relationships. Of these, the service functions are the most general, most regular, and most important.

Hence, looking for the most effective road to streamlining administration, improving the service functions, and extending the scope of services should be taken as the starting point and the staying point. The company can set aside certain sections, offices or departments to form a number of service centers, managing them economically. This not only can extend the service area of the company but also can meet the demand for streamlining administration. It takes a step further to smooth out the relationship between the company and the factories through correctly performing the company's functions. Our company is currently fermenting and considering the following:

1. Setting up a textile industry trade center. The superiority of a combination of production and marketing will be displayed. We shall firmly insist on the principle of the circulation of commodities being in an open form and having many channels but few intermediate stages. Various marketing units and departments with the factories as the basis will be organized, thus forming an operational structure of the nature of an enterprise. Economic liaison with various localities both within the country and abroad will be initiated and the structure will handle dealings in textile products and in all the raw materials, sundry materials, fuels, machinery parts, textile machines, chemical dyeing materials, and all subsidiary materials needed by the textile industry, as well as doing other business such as acting as marketing agents, buying for subsequent selling, and self-marketing of textile products, accepting orders for processing of materials and semifinished products from outside, carrying out the transfer

and allocation of materials, acting as agents for trust and merchandising, and handling hiring, rental, and transfer of ownership jobs, and so on. The trade center will handle all operating activities which can enliven the enterprises, truly forming a circulation network for the textile industry--a network which radiates and extends in many directions. The trade center will enforce a unified organization, decentralized management, separate business accounting, self-responsibility for profits and losses, and gradually assume the shape of an economic body.

2. Setting up a scientific and technological center, that is, combining the dyeing research bureau, products development research bureau, center for testing of chemical dyeing materials, and other units, and thus bringing into full play the enthusiasm of the scientific and technical personnel and the potentials of the existing scientific and technical equipment. It not only takes charge of the scientific and technical tasks assigned from the above but also organizes trans-system and trans-locality technical cooperation. It will unite with the relevant factories to form a combined body for scientific and technical production, carrying out the transfer of scientific and technical results on a compensation basis or on a basis of a percentage distribution of benefits. It can also develop technical services and give replies to technical queries. It will carry out the system of paying expenses on a contracted basis and separate business accounting, gradually reaching the objective of being responsible for its profits and losses.

3. Setting up an educational center, that is, fully utilizing and displaying the functions and role of the existing teaching staff, school premises, and educational and teaching instruments, unifying the organizational structure, dispersing the location of schools, and initiating and developing many and diversified forms of training for staff members and workers.

4. Setting up a clothing center, that is, instituting a combined clothing body of a one-dragon type extending from collecting market information and product design to organizing production and rendering services to sales. The aim is to have production lead consumption and consumption guide production, thus better facilitating the greater and deeper development of the textile industry.

At the same time, conditions will be created for gradually setting up various combined bodies such as a materials storage center, equipment maintenance center, livelihood service center, and so on. Institution of these centers will have the following four advantages: 1) A portion of the staff of the sections and offices of the company will be transferred to the centers, thus streamlining the administrative structure and enabling the company's management functions to be relatively centralized and its service functions correspondingly improved. 2) It helps the factories to change their conditions of being "small but comprehensive," or "big and comprehensive," enabling them to centralize more energy on performing a good job of production and operation. 3) The various centers each have only one function. The degree of specialization is high; management of personnel, finance, and materials can be under central control; the

intermediate stages are few; the consumption rate is low, and efficiency and economic results can be improved. 4) Following the transfer of the company's sections and offices to the centers, the relations between them and the factories will be converted from guidance relations to service relations and the original administrative control will be changed to economic liaison.

CSO: 4006/230

ECONOMIC MANAGEMENT

WOMEN'S FEDERATION TO GIVE REFORM TOP PRIORITY

OW240818 XINHUA in English 0741 GMT 24 Dec 84

[Text] Beijing, December 24 (XINHUA)--The All-China Women's Federation urged Chinese women to make greater contributions to the ongoing economic reform. It also called on all its local organizations to give full support to women in implementing reform and to unite women of all ethnic groups and professions behind reform.

The call was made at the second meeting of the fifth executive committee of the federation, held here from December 20 to 23.

Zhang Guoying, first secretary of the federation's secretariat, said in her report that with the progress of the reform and the development of the service trades, women would have more job opportunities. She asked all women's organizations to help young women job seekers in pre-job training.

Local women's organizations were also urged to help women improve their skills by having departments organize vocational schools and training classes.

Zhang Guoying pointed out that the legitimate rights and interests of women in the forefront of reform and in private business or specialized agricultural production must be protected. She also asked women's organizations to help parents in educating their children. Private kindergartens were to be encouraged, she said.

The meeting decided that the federation would transfer its key task to the service of economic reform.

CSO: 4020/55

ECONOMIC MANAGEMENT

BRIEFS

NEI MONGGOL ECONOMIC CONTRACTS--Nei Monggol has gradually popularized the economic contract system. Contracts under the management of industrial and commercial administrative bureaus at various levels have increased from 3 categories in 1979 to the present 10 categories. Money involved in the contracts increased from 630 million yuan in 1981 to 2.93 billion yuan in 1983. Seven leagues and cities and 23 banners and counties in the region have established contract arbitration committees to strengthen supervision and inspection of economic contracts and the arbitration of contract disputes. Since the establishment of economic courts several years ago, 1,757 cases of economic disputes as well as some 300 economic crimes have been handled. [Summary] [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 17 Dec 84 SK]

CSO: 4006/242

FINANCE AND BANKING

GUANGMING RIBAO ON SYMPOSIUM ON RAISING SOCIAL FUNDS

HK260243 Beijing GUANGMING RIBAO in Chinese 16 Dec 84 p 3

[Report by Sui Yufen [713] 3768 5358]: "An Inquiry Into the Question of Capital Formation in Society"--passages within slantlines published in boldface]

[Text] The China Financial Society and the Federation of Economics Societies jointly held a symposium recently in Beijing on the issue of raising social funds. The comrades attending the symposium made studies and held discussions on the following questions:

/The forms and nature of the current activities of raising social funds./ In recent years the activities of raising social funds have vigorously developed along with the reform of the economic structure and the implementation of the policy of opening to the outside world and enlivening the domestic economy.

The main types of funds raised in society can be classified as follows:

Raising funds by issuing shares. By issuing shares, a company can raise funds or enhance its financial strength for the purpose of developing production and expanding business. The shareholders have the right to participate in making policy decisions on the company's operations and business and share the interests obtained by the company. The extent of decision-making power and the amount of interests of the shareholders are absolutely determined by the amount of shares they hold. The practice of workers and staff members buying shares in their own enterprises also belong to this category.

Provides funds as well as labor. In this respect, a person takes up an occupation by providing both funds and labor. The characteristic of this form is that it combines the short supply of funds with surplus labor. This form of raising funds is universally used in town and township enterprises.

Raising funds for joint operations. This includes joint operations between enterprises, specialized households, and urban and rural areas and joint operations between large construction projects and special enterprises in

different regions and departments. The system of drawing extra dividends is mainly used in distributing the profits.

Direct loans. The person who asks for a loan issues an instrument which will be used for special purposes and fixes a target date for paying back the principal with interest. In addition, some parties and persons also adopt the methods of signing contracts, keeping accounts, and so on to request or offer loans.

Selling on credit and advance payment. This is a form of raising funds by using the method of commercial credit such as compensation trade and so on. Most enterprises that manufacture short-supply products such as materials, fuel, and so on use such a method to exchange these products for the appropriation of capital from the other party.

The comrades attending the symposium held that although the forms of activities carried out in China at present for raising social funds vary, they are all of a socialist nature.

/The objective inevitability of the outcome of capital formation in society./ The participants attending the symposium held that capital formation in society is the inevitable outcome of the current economic development in China.

Since the 3d Plenary Session of the 11th CPC Central Committee, China's economic system has undergone a series of reforms. The implementation of the rural contracted responsibilities on a household basis with payment linked to output and the policies for further enlivening the economy in cities have led to more and more idle funds in society. This is the material basis for the emergence and development of capital formation in society. With the development of a specialized and socialized commodity economy, particularly the development of divisions of labor and trade in rural commodity production, there is an increasing need for capital. Moreover, a number of key state construction projects require large amount of funds. On one hand, there is a lack of construction funds; and on the other, the funds scattered among millions upon millions of inhabitants and enterprises in society need to be utilized, but the traditional channels of pooling funds in a planned manner, namely by the banks and financial departments, cannot meet such demands. Consequently capital formation in society, as a complementary channel to muster funds, emerges as the times demand.

/How to correctly treat capital formation in society./ Capital formation is a new thing which has emerged in the course of economic reform. Due to a lack of experience, it is unavoidable that there may exist a number of problems. Consequently, some comrades adopt a skeptical attitude. The comrades attending the symposium held that it is normal for the existence of different academic views, and a wide range of studies and discussions can be conducted. At present the correct way is to give enthusiastic support and strengthen guidance and management.

1. The state should enact necessary laws and regulations so as to bring capital formation in society into line with the legal track as quickly as possible, provide rules and regulations for the activities of mustering social funds, and ensure the legitimate rights of investors.
2. Since the banks are the financial management departments of the state, they should shoulder responsibility for giving guidance, supervision, service, and management to the activities of raising social funds.
3. The industrial and commercial administrative management departments, planning committees, economic departments, and units concerned should exercise the necessary management over the enterprises which raise funds.
4. While raising social funds, it is necessary to act in light of one's powers and not exceed the capability of the localities, enterprises, and individuals. In pooling funds it is necessary to adhere to the principle of voluntariness and to oppose the practices of exacting charges and giving administrative orders.
5. It is necessary to strengthen publicity and consultative services so that those participating in raising funds can clearly understand the various methods, characteristics, conditions, and requirements of mustering funds and can promote the healthy development of the activities of raising funds.

CSO: 4006/229

FINANCE AND BANKING

HAINAN HOLDS CONFERENCE ON OVERSEAS CHINESE REMITTANCE WORK

HK270344 Haikou Hainan Island Service in Mandarin 0400 GMT 22 Dec 84

[Text] The Hainan District conference on work concerning Overseas Chinese remittances, which ended yesterday, called on all counties and cities to actively tap potentialities in striving for more Overseas Chinese remittances, to open up new avenues for absorbing Overseas Chinese remittances, and to develop a saving industry for foreign currencies and renminbi so as to support the exploitation and construction of the district.

Since the 3d Plenary Session of the 11th CPC Central Committee, along with the radical changes in urban and rural areas, there has appeared a new trend in our district's Overseas Chinese remittances; that is, remittances mainly for supporting families have been changed to those for various purposes.

By conducting investigations in 20-odd major hometowns of Overseas Chinese, such as Balyan and Jingshan in Wenchang County, and Lehui in Qionghai County, the departments concerned have discovered that in addition to the phenomenon of [words indistinct], these are two major features in the district's current work concerning Overseas Chinese remittances.

1. Traditional remittances used for living expenses have been changed to remittances for various purposes.
2. There has been an increase in Overseas Chinese remittances for developing industry.

On the basis of summing up experiences in the work of Overseas Chinese remittances since last year, the district conference on the work of Overseas Chinese remittances arranged next year's work according to the spirit of the provincial conference on the work of Overseas Chinese remittances and the district's realities. The conference stressed that it is necessary to further realize the new situation and new features in the work of Overseas Chinese remittances and make the best use of the situation and features to push forward the work of tapping potentialities and striving for Overseas Chinese remittances according to the objective requirements of economic development in the hometowns of Overseas Chinese. It is necessary to vigorously develop the saving deposit business for foreign currencies and renminbi

so as to accumulate more funds for the four modernizations. It is necessary to give more publicity to saving deposit services for various foreign currencies and expand the service network to raise efficiency. It is necessary to provide good service so as to meet the needs of the current situation of competition. It is necessary to further straighten out and reform the work of delivering Overseas Chinese remittances to recipients, attach importance to upgrading the quality of personnel engaged in the work of Overseas Chinese remittances, and teach them to love their own jobs and absorb more Overseas Chinese remittances.

As the Spring Festival is approaching, there will soon be busy season in Overseas Chinese remittance work. All localities must make full preparations in ideology, manpower, and other facilities so as to promote the progress of the work of Overseas Chinese remittances during the Spring Festival and to strive to create a new situation in the district's Overseas Chinese remittance work.

CSO: 4006/229

FINANCE AND BANKING

HUBEI CALLS FOR HALTING FINANCIAL MALPRACTICES

HK290644 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 27 Dec 84

[Excerpts] Yesterday, the provincial people's government issued a circular demanding that people's governments of all prefectures, autonomous prefectures, cities, and counties carry out price inspection during the period from New Year's Day to the Spring Festival, centered on eliminating the two malpractices.

The circular points out that the whole province is now implementing the decision of the CPC Central Committee on reform of the economic structure. The economic situation in the province is excellent. However, serious attention must be paid to fighting the two malpractices. 1) Some party and government cadres, by taking advantage of their power and positions, have fraudulently bought important goods of the state and then resold them to reap colossal profits. 2) Some units engage in unhealthy practices and hike prices to infringe upon the interests of consumers.

The circular stresses that these problems have appeared in various places to different degrees. If they are not corrected immediately, not only the interests of the state and people will be harmed, but the reputation of the reform will be impaired and the overall situation of the reform will be undermined.

In the circular, the provincial people's government set the following demands on the price inspection:

1. The price inspection must be centered on eliminating the two malpractices. The specific contents of the inspection may be decided upon by various localities themselves in connection with their actual situations.
2. It is necessary to effectively avoid confusion on the markets.
3. Industrial and commercial departments must actively arrange production and marketing.
4. The price inspection must mainly be carried out by all departments themselves. Government leaders at all levels must personally organize competent people to conduct spot checks and key inspections in some departments.

The circular also demands that all departments and units strengthen education on the vast number of cadres and masses in ideology and price discipline, properly carry out propaganda work, and give explanations.

CSO: 4006/229

FINANCE AND BANKING

PEOPLE'S CONSTRUCTION BANK AIDS HOUSING

OW190632 Beijing XINHUA in English 0547 GMT 19 Dec 84

[Text] Beijing, December 19 (XINHUA)--The People's Construction Bank of China has issued 1,163 million yuan of loans since 1980 to aid China's condominium experiments and urban land development effort, bank officials told XINHUA today.

This has helped develop 41.47 million square meters of land and build 4.55 million square meters of housing for nearly 100,000 families. Construction is now underway on another 7.73 million square meters with Construction Bank loans.

The recent development of the economy and improvement of living standards call for quicker house-building for sale and maximum land use, officials explained.

In China, housing is built and distributed mainly by the government or work units. But condominium experiments are now carried out to recover part of the construction cost, with a view to alleviating the housing shortage more quickly.

About 350,000 families in 80 cities will buy government-built apartments next year, according to earlier news reports.

There are now over 550 companies borrowing to build houses for sale and develop land.

The Shanghai branch of the Construction Bank has lent 100 million yuan to help prepare the city's Minhang and Hungqiao areas for foreign investment.

Land has been leveled in Minhang; roads have been built; and water and electricity laid on. Some land has been rented out to investors.

CSO: 4020/63

FINANCE AND BANKING

CHINA DAILY ON PROJECTS MAKING USE OF WORLD BANK LOANS

HK200527 Beijing CHINA DAILY in English 20 Dec 84 p 2

[Text] The Investment Bank of China has obtained long-term foreign currency loans of \$245 million from the World Bank, officials of the bank said in Beijing yesterday.

By the end of November, the bank had approved loans to 96 projects requiring foreign currency of \$120 million.

The bank specializes in using foreign funds for the upgrading and expansion of domestic enterprises.

Among the projects receiving loans are Shanghai and Tianjin paperboard factories and detergent factories each producing 50,000 tons a year. These require an investment of more than 20 million yuan each.

Most of the projects will be completed in two or three years, and will repay the loans within two or three years.

The bank was set up in late 1981. It has opened six new branches this year in Beijing, Shandong, Anhui, Zhejiang, Guangdong and Heilongjiang--for a total of 13 throughout China--and will establish more in cities requiring more bank business, including 14 coastal cities designated earlier this year to further open to foreign investment.

The Investment Bank will also take in foreign funds by tapping other sources, bank officials said.

CSO: 4020/63

FINANCE AND BANKING

ECONOMIC REFORMS BOOST LIFE INSURANCE SERVICES

OW131424 Beijing XINHUA in English 1302 GMT 13 Dec 84

[Text] Beijing, December 13 (XINHUA)--Economic reform has helped boost China's life insurance services, according to the People's Insurance Company of China.

From January to September of this year, 1.26 million people took out policies, earning the company 32 million yuan (about 11.5 million U.S. dollars), an official said.

The central finance leading group decided in April that insurance would be extended to workers in urban and rural collectives to ease the future burden of retirement pensions on non-state businesses.

The job responsibility system introduced in the recent urban economic reform has also changed the former practice of workers in state enterprises "eating from the same big pot" irrespective of their output.

In this situation, more and more workers felt the need for life insurance, the official said.

Rural households specializing in industry, farming, sideline production and transport as well as better-off peasants also want the service, he added.

Policies sold in Shanghai, Liaoning, Guangdong, Jilin, Heilongjiang, Sichuan, Jiangsu, Hunan and Guangxi made up 79 percent of the company's business. Heilongjiang and Jiangsu Provinces registered 220 percent and 150 percent increases over the first nine months of 1983.

More than 10 million Chinese bought insurance in 1983.

The Chinese insurance company began offering life insurance service in 1982.

In a short commentary, the "People's Daily" called for wider insurance coverage.

"The development of insurance is the need of the policy of opening to the outside world while enlivening the domestic economy. Therefore, we ought to gradually expand the service to all fields in the next several years," the commentary said.

CSO: 4020/63

FINANCE AND BANKING

BELJING BANK ENABLES EARLY PAYMENT FOR EXPORTS

HK030625 Beijing CHINA DAILY in English 2 Jan 85 p 2

[Article by staff reporter Qin Xiaoli]

[Text] The Bank of China's Beijing branch will begin offering a new service today to allow export companies to receive payment immediately after shipment.

The bank will honour outward documentary bills as proof of impending payment and make loans to export companies before payments for exports arrive. Without this service, it would take about 20 days for export companies to collect payment from overseas buyers.

Although the procedure is common in world trade, it had not been used in China recently, Shanghai was the first to experiment this.

Gao Dianen, deputy general manager of the Beijing branch, told CHINA DAILY that the new service was requested by export companies. He said the restructuring of the foreign trade system had quickened the circulation of foreign trade funds in 1984.

He said the new service is available to all exports that carry with them satisfactory outward documentary bills, which are bills of exchange which have attached to them a document of title to the goods, such as a bill of lading. However, if the buyers' country is in the midst of war or a political unrest, or is having financial problems which might affect payment for the goods, the bank will refrain from "buying" the bills.

If an overseas buyer fails to make good on a payment, the bank will claim compensation through the company's account.

Gao said the new service will be an incentive for both the bank and export companies to improve management and reduce errors in export documents.

Zhang Ming, deputy director of the Beijing Foreign Economic Relations and Trade Commission, said that the procedure is a definite improvement of the bank's service. "There is no doubt that export companies will welcome it," he said.

Beijing's annual exports amount to about \$500 million. Wang estimated that about 30 percent of the export transactions could benefit from the new service.

FINANCE AND BANKING

JIANGSU BANK HELPS LOCAL ECONOMIC CONSTRUCTION

OW290937 Beijing Domestic Service in Mandarin 1200 GMT 27 Dec 84

[Excerpts] The Changzhou City People's Bank in Jiangsu Province has given full scope to its role as an economic lever in serving the aims of economic construction, according to a joint report by reporters of this station and the Jiangsu Radio Broadcasting Station.

This bank has achieved greater economic results in using funds by expanding its loan business, adopting a floating interest rate, and paying more attention to the flexible use of funds among various enterprises according to their needs.

Consequently, for the period from January to November, the total sales volume of urban industrial enterprises in the city owned by local authorities showed a 5.5-percent increase, compared with last year's corresponding period. In the meantime, the revolving rate of circulating funds was up 5.61 percent. The positive effect of this increased revolving rate was equivalent to a saving of 29.7 million yuan in circulating funds.

In the current reform of the economic structure, the Changzhou City People's Bank has expanded the scope of its loan business to include loans for capital construction, technical transformation, scientific and technological research, and the service trade. By breaking through the previous restrictions that upon recovery of a loan extended for a technical transformation project, it could not be lent out again for another project, and that funds could not be used flexibly between enterprises owned by the whole people and those owned by the collectives, the bank has increased the total amount of its loans by 15 million yuan. The increase in the amount of loans this year is sufficient to generate an additional 72 million yuan or so in the value of production and an excess of some 13 million yuan in tax revenue and profits.

CS0: 4006/258

FINANCE AND BANKING

COMMENTARY ON BANK'S ROLE AS ECONOMIC LEVER

OW290945 Beijing Domestic Service in Mandarin 1200 GMT 27 Dec 84

[Commentary: "Give Full Play to Bank's Role of Lever"]

[Text] The experience of Changzhou City in applying the bank's role of lever to promote economic construction deserves the attention of all places. In the past, we fell into the habit of using administrative means in economic work while neglecting the use of economic levers for regulation. Among the economic levers, we paid more attention to financial means than to banking means. Experience shows that this method has been inefficient. A change is needed.

The decision of the Central Committee of the Communist Party of China on reform of the economic structure points out that economic departments at all levels, especially the departments in charge of comprehensive economic management, must consider it an important task to learn to use the economic levers and make this aspect the focus of our leadership over economic work. In the national economy, the role of banks is tremendous. We should develop their potential to the fullest.

The financial situation of Changzhou used to be very tight. However, as the city attached importance to the role of the bank as a lever and accumulated funds through the bank, its financial situation greatly improved, and better economic results were achieved. The key point in this matter is to be bold in conducting reform and breaking through irrational rules and regulations.

CSO: 4006/258

FINANCE AND BANKING

HEBEI GOVERNMENT HOLDS CONFERENCE ON FINANCE WORK

HK060617 Shijiazhuang Hebei Provincial Service in Mandarin 0430 GMT 28 Dec 84

[Text] From 20 to 28 December, the provincial government held a conference on finance work, urging the province to make up deficits and increase surpluses and also to increase revenue and economize in expenditure so as to overfulfill the financial plan of this year and further improve the financial situation of our province. The conference reviewed the financial situation of our province for the past few years and concluded that after 4 years' fluctuation, the revenue of our province has been steadily increasing for 2 years running since 1983, the expenditure has been correspondingly increasing, and the whole financial situation has begun to show improvement. The conference also studied the new financial structure, worked out contract methods to carry out the next 5-year plan, and discussed and formulated regulations of the financial management system of classifying taxes, verifying revenue and expenditure, and introducing the graded contract system, and the draft methods for financial management in the towns and townships. According to the new situation and new problems finance work will face in 1985, the conference pointed out that the focal points in the next year's finance work are to smash the practice of eating from the same big pot, to correctly deal with the relations among the three sides, and to realize synchronous increase of production and revenue so as to fulfill and overfulfill the financial tasks. To do this, five items of work must be done well with special care:

1. Greatly develop production, raise economic results, open up more financial avenues, and increase revenue. The financial departments at various levels should continue to do well in making up deficits and increasing surpluses on the basis of the work done in 1984, so as to fulfill the task of making up deficits assigned by the provincial government. The 162 enterprises that have suffered from deficits should each sign a responsibility agreement and promise to fulfill it. Large and medium-sized enterprises should be further invigorated. Profit-making enterprises should try to eliminate products that cause deficits and try to raise profits.

We must tighten control over the enterprises' production costs, to realize the target of lowering the industrial production costs of our province by 2 percent, which has been set by the central authorities.

2. Further carry out reform of finance and taxation work. First of all, we should perfect the second-phase work of substituting tax payment for profit

delivery and correctly deal with the distribution relation between the state and the enterprises. We should also begin to levy tax on urban maintenance according to the unified, state plan and get fully prepared for levying taxes on the use of land, house property, and transport facilities. We should gradually establish town and township finances next year according to the demands made at the national finance conference.

3. We should further strengthen taxation of work. In 1985, we should continue to do a good job in propaganda work on taxation so as to raise the consciousness of the enterprises and the masses to pay taxes according to the law. We should also further reinforce the organizations responsible for taxation and strengthen the work of taxation and taxation control.

4. Improve the method of supplying administrative operational charges and smash the practice of eating from the same big pot. In 1985, in using the administrative operational charges, we should carry out the practice of supplying according to the number of people, fixing the total amount according to the amount of work contracted, not making up for overspent amounts and retaining the surpluses. Administrative companies should be abolished and no longer draw management fees. The companies that manage enterprises or run services for payment should practice independent accounting and assume responsibilities for their own profits and losses. Undertakings that have the conditions to organize revenue should be managed in the fashion [of] an enterprise in order to increase their incomes. All units such as scientific research institutes, design institutes, gymnasium, exhibition halls, banks, reservoirs, pastures, seed cultivation farms, technology popularization stations, and so on should realize self-support as soon as possible and correspondingly have their financial subsidy reduced. The budget expenses involved in the construction of enterprises, technical reforms, support for agriculture, and scientific research should be changed from assistance gratis into assistance requiring payment. Newspapers openly published are required to realize self-support in 1 or 2 years according to their different situations. The purchasing power of social groups should all be delegated to the financial departments of the prefectures and cities for examination and approval.

5. Strengthen the building of the contingent and enhance the quality of the cadres. The departments responsible for levying taxes at prefecture, city and county levels should strengthen ideological and political work, stick to principles, abide by the law, handle official business and levy taxes in a civilized way, and struggle against new incorrect tendencies. In order to strengthen professional training, the departments responsible for levying taxes at various levels should run well all kinds of training classes and cooperate with the departments concerned in successfully running television, evening, and correspondence universities, so as to raise the policy standard and professional ability of the cadres and the staff and workers as quickly as possible.

BRIEFS

SICHUAN TAX REVENUE--By the end of November, Sichuan Province had fulfilled 1 month in advance this year's tax revenue quota. The province had collected a total of 3.28 billion yuan of tax money, an increase of 15.18 percent as compared with the same period last year. [Summary] [Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 11 Dec 84 HK]

JIANGXI CURES TAXATION MALADIES--The erroneous practice by some localities in Jiangxi Province to grant tax deductions or exemptions to some enterprises has been corrected. Since the beginning of this year, some localities in Jiangxi had granted tax deductions or exemptions to some enterprises. The provincial party committee and the provincial government paid keen attention to this problem. First Secretary Bai Dongcai instructed that measures should be taken to clear the confusions in taxation. The provincial government also issued an emergency circular, calling on governments at all levels to organize cadres, especially leading cadres, to conscientiously study the taxation laws, strengthen leadership, recollect taxes which should not have been deducted or exempted, and outlined a general taxation inspection. [Text] [Beijing Domestic Service in Mandarin 2230 GMT 24 Dec 84 OW]

MORE INSURANCE COVERAGE--Beijing, December 26 (XINHUA)--The Chinese People's Insurance Company will offer insurances on computers, foreign currencies, foreign personnel accidents and products liabilities in 1985 to help promote the open policy. The company will also promote pension insurances on employees in collectively-run enterprises and travellers' accident insurances, according to company general manager Qin Daofu. There are now about six million trucks and tractors in rural and urban areas, but only 1.8 million of them are insured against accidents. Because of this, Qin said, the State Council has authorized the company to start motor vehicle third party liability insurance of a compulsory nature. State Councillor Zhang Jingfu today called for efforts to extend insurance coverage in the new year. "Insurance should have a bigger role to play in the country's economic growth," he said. He was addressing the closing session of a ten-day national insurance meeting today. [Text] [Beijing XINHUA in English 1638 GMT 26 Dec 84 OW]

NEI MONGGOL COMMERCIAL LOANS--Since the beginning of this year, agricultural banks and credit cooperatives at various levels in Nei Monggol have actively issued commercial loans. Such loans for rural and pastoral areas in the region have reached 1.025 billion yuan, showing a 20.3-percent net increase over the figure calculated at the beginning of the year. The agricultural banks and credit cooperatives have also actively supported the development of self-employed laborers and businessmen. Loans issued to self-employed laborers and businessmen and to collective industrial and commercial enterprises have reached 69.4 million yuan, a 90-percent increase over the figure calculated at the beginning of this year. [Excerpts] [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 30 Dec 84 SK]

CONSTRUCTION BANK--This year, the People's Construction Bank of China extended credit loans, totaling 3.2 billion yuan, for use in building key energy and transportation projects, and in improving and renovating existing enterprises. According to incomplete statistics, the bank extended 946 million yuan of loans for housing construction and land development from January to October this year, enabling nearly 100,000 families to move into new dwellings. [Summary] [Beijing Domestic Service in Mandarin 2230 GMT 18 Dec 84 OW]

LIAONING STOCKHOLDERS' INCREASE--Supply and marketing cooperatives throughout Liaoning Province have made new progress in conducting reforms among their systems. As of now, 4.158 million households across the province have become stockholders in cooperatives and have invested more than 33 million yuan in these cooperatives, doubling the figure before the reform. Meanwhile, there are more than 300,000 specialized households across the province receiving production assistance from these cooperatives. These cooperatives have also established 97 trade centers and wholesale markets for farm and sideline products across the province, with total sales reaching more than 50 million yuan. [Excerpts] [Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 2 Jan 85 SK]

JILIN FINANCIAL REVENUE, EXPENDITURES--The revenue and expenditures of Jilin Province were balanced in 1984 and had a surplus. The provincial revenue increased 21 percent over 1983 and expenditures increased 22.4 percent. The output value of provincial industrial enterprises covered in the budget is estimated at 8.63 billion yuan, an increase of 18.3 percent over 1983. Their profits reached 945 million yuan, an increase of 25.3 percent. The provincial industrial and commercial taxes increased 14.3 percent over 1983. [Summary] [Changchun Jilin Provincial Service in Mandarin 1030 GMT 5 Jan 85 SK]

CSO: 4006/258

ENERGY

BRIEFS

TIANJIN METHANE PITS--Since the beginning of this year, a total of 3,371 methane-generating pits have been built in Tianjin municipality, 1,000 more than the past year, a record year. Thus far, 462 villages in Tianjin's rural areas have built methane-generating pits. [Summary] [Tianjin City Service in Mandarin 1430 GMT 24 Dec 84 SK]

CSO: 4006/229

MINERAL RESOURCES

PRC JOURNAL ON STEPPING UP EXPLOITATION OF MINES

HK311309 Beijing JINGJI GUANLI in Chinese No 10, 5 Oct 84 pp 4-6

[Article by Li Peilin [62] 3099 2651]: "A Probe into the Policy of Stepping Up the Exploitation of Mines"]

[Text] Recently, the leading comrades of the CPC Central Committee and the State Council have time and again pointed out that in exploiting underground resources, we should exploit big mines on a large scale and give a free hand in exploiting small mines and that we should not exploit mines slowly but should exploit any mines we have quickly. This is a strategic measure that has been put forth in the light of our country's national conditions and in the light of the characteristics of our resources in order to speed up the exploitation and utilization of our resources and in order to turn our ascendancy in resources into economic ascendancy as soon as possible. This is also a major reform in our principle on exploitation of our country's resources.

In order to intensify our exploitation and implement the principle of exploiting any mines we have quickly, we should first carry out the policy of exploiting big mines on a large scale. Big mines are major base areas in exploiting our country's resources. The intensity and scale of the exploitation of big mines plays a decisive role in the whole situation of resource exploitation in our country. For example, at present, the output of the key state-run iron mines accounts for about 80 percent of the total output of our country. Therefore, exploiting big mines on a large scale is a key to implementing the policy of exploiting any mines we have quickly.

In order to exploit big mines on a large scale, we should first eliminate the present practice of areas and units developing mining separately within the limit of their own boundaries and implement the principle of drawing up unified plans and selecting big and fine mines to exploit on a large scale. This principle is determined by our country's characteristic of uneven distribution of resources. For example, from the point of view of quality, over 43 billion metric tons of iron ore deposits are in Anshan, Benxi, Eastern Shandong, Panzhihua, Baotou, and Shanxi, while other areas have little or no iron ore. From the point of view of the quality and exploiting conditions of the iron mines, the above-mentioned areas each differs greatly from one another. For example, the resource conditions are fine in the mining areas in Ulan and

Eastern Hebei, where the mines are big and not deep and the ore is easy to exploit and select. Producing one metric ton of 68 percent fine iron ore only costs 30 odd yuan. However, the Ekou Iron Mine in Shanxi incurs a cost of over 60 yuan in producing one metric ton of 65 percent fine iron ore. This is also the case with other kinds of mines. As these resources are very unevenly dispersed and as the conditions of exploitation and economic results differ widely in different areas, if areas and units exploit their resources separately, the practice of irrational exploitation will inevitably be widespread. As a result, we will not be able to exploit big mines on a large scale and will be forced to exploit small and secondary mines and we will fail to do what we ought to do and will do what we should not do. At present, most of our country's iron ore resources are concentrated in the hands of the iron and steel complex enterprises. From the view point of output, these enterprises produce 80 percent of the iron ore in our country. However, as mining products in iron and steel complex enterprises are cheap and contribute a small profit margin, no one is willing to make much efforts to develop their production. Those who have fine resource conditions only produce sufficient mineral products for their own use, hence, they fail to give play to their favorable factors related to resources. On the other hand, those who have poor resource conditions are forced to incur heavy costs in producing iron ore and are not able to free from themselves their weak points related to resources. This is economically very irrational. Therefore, we must persist in drawing up unified plans, selecting fine and big mines to develop, and in breaking the division between areas and units. By so doing, we will regard the resources of our country as a whole in arranging our work and the state will be able to concentrate its energies on exploiting big and fine mines.

In order to achieve this aim, we should carry out a series of reforms in our management system and methods. In order to exploit big mines on a large scale, we must grant our mines greater decisionmaking power in developing their production. In particular, we should relax the restrictions on the operation of mines by our iron and steel complex enterprises and give them the power to freely develop their production. We can adopt the following methods: First, the most fundamental method is to separate the mines there from the iron and steel complex enterprises and turn them into independent enterprises. By so doing, we will enable the mines that have fine resource conditions to produce more ore than is needed by their own areas so as to supply the areas and enterprises that have no mines or do not have enough mines. Second, we can establish a form of lax combination so that the enterprises in an iron and steel complex are under unified administrative leadership, but that each operates as an independent accounting unit. This will give our mines greater decisionmaking powers in developing production and raising economic results. Third, we can adopt the method of applying the law of value to regulate production. This means that we should raise the prices of mining products and make the return on capital employed in the production of mining products higher than that in the production of pig iron and rolled steel and that we should allow our enterprises to sell on their own at negotiated prices the ore that they have produced in excess of the targets. As a result, mining production becomes more profitable than the production of iron and steel and the mining areas and enterprises that have fine resource conditions will change the orientation of their investment in order to raise their economic

results and will consciously invest in the development of their mines and exploit their big mines on a large scale.

Moreover, in order to carry out the policy of exploiting big mines on a large scale, we should intensify the operation in our big mines and equip them with advanced equipment. Compared with advanced countries of the world, the technology and equipment in our country's mines generally lags behind by 20-30 years. The outstanding shortcomings of our equipment are small capacity, poor performance, and low efficiency. In addition, the structure and variety of our equipment is too simple to be adapted to the scale of the production of our mines. For example, the annual output of ore in some mines is 6-7 million tons, while that of others is less than 1 million tons. However, they are all equipped with 4-4.6 cubic meter electric shovels and 20-32 ton trucks for exploiting and transporting ore if they are major mines. Only the Nanfen Strip Mine at Benxi Iron and Steel Complex has begun to be equipped with 7.6 cubic meter electric shovels and 100-120 metric ton electric trucks. Our local medium-sized and small mines are mainly equipped with 1-4 cubic meter electric shovels and 8-20 ton trucks for their exploitation and transportation of ore. This uniformity in equipment has certainly caused all our mines to have the same intensity of operation. Our big mines' operation is not much more intensive than our small ones. For example, some big strip mines abroad dig down more than 20 meters each year, but ours only dig down about 6 meters. This is to a great extent due to the low level of the equipment at our mines.

At the same time, the equipment in the ore dressing plants in our large mines should also be correspondingly large. In particular, our new big ore dressing plants must be equipped with large equipment. For example, the Shuishang Iron Mine in our Capital Iron and Steel Complex and the Qidashan Iron Mine in our Anshan Iron and Steel Complex will increase their capacity to producing 20-30 million tons a year and have to dress such a large amount of ore. Therefore, in building the new ore dressing plants, we should no longer use the 100 metric ton ball mills that we are using at present, but should install in the plants 200-400 ton ball mills. We can adopt the following methods in obtaining the big equipment we need. As the large equipment that we are researching and producing does not satisfy our demands, we can at first import the equipment, import components to assemble them domestically, or import old equipment from abroad and then gradually begin to rely on our own production in obtaining equipment.

In addition to using large advanced equipment, in order to intensify the exploitation of our large mines, we should try every means to raise the ratio of utilization of our equipment and shorten the period of renewal of our equipment. At present, all our mines fix the date of replacement according to the length of time that the equipment has been in use. This method does not facilitate exploiting big mines on a large scale. We should consider adopting the method of fixing a limit of total output for the life of a piece of equipment. We can also consider combining the two above-mentioned methods. By so doing, we will be able to raise the intensity of operations in our mines as well as urging our enterprises to raise the utilization ratio of their equipment and fully tap the potential of their existing equipment.

Finally, in order to carry out the policy of exploiting any mine we have quickly, it is not enough to rely only on the forces of the state-run mines. We should also give play to the role of localities in exploiting mines. While exploiting big mines on a large scale, we should give a free hand in exploiting small mines and encourage collectives and individuals to exploit mines. By so doing, we will not only be able to exploit the small mines that the state is unable to exploit for the time being and thus make up the shortage of the production of the state-run mines and support the construction of the state, but will also be able to provide employment to rural surplus labor, enable our rural areas to follow the path of becoming rich through labor and developing industry and agriculture simultaneously, and reduce the disparity between workers and peasants. For example, Henan has few iron reserves, but has an abundance of various kinds of supplementary raw materials, particularly clay, of which there are few big mines but a large number of widely dispersed small mines. According to our incomplete statistics, at present more than 20,000 people are working in township and town collective and individual mines. Those working in state-run mines are not included in this figure. The output of clay, bauxite, fluorite, and gold yielded by collective and individual mines accounts for 50 percent of the total output of the province. The mines run by the masses of people accounts for half of the province's mining production. In other provinces such as Shanxi and Hebei, the mines run by the masses of people also play a very great role.

In order to give play to the initiative of localities in developing mining industry, the state should give them support. Mines at and above county level can be established with the aid of the state and run by localities. Their production will be allocated by the state in a unified manner but their profits belong to localities and they pay taxes to localities. Production in excess of the planned targets can be sold by localities at negotiated prices and by so doing, we will encourage localities to set up more mines and overfulfill the production targets for their mines.

We should also relax our policies and encourage the establishment of collective and individual mines below county level, and strengthen the work of giving technological guidance to them. For this purpose, we should satisfactorily do the following aspects of our work:

1. We should rationally divide up mining areas and exploit our mines in a planned manner. Big and rich mines must be exploited with machinery by state and no collective or individual is allowed to exploit mines in the area included in the design of any state-run mines. Small mines, mines outside the borders of big or rich mines, and small sets of mines that the state does not want to exploit or the medium-sized mines that the state is unable to exploit for a long time should be given to collectives and individuals to exploit. On no reason should our state-run mines interfere with those mines.

2. Combines are set up with state-run mines as bases to exploit mines in an organized manner. In some areas, big and small mines are linked with one another and cannot be separated. We can adopt the method of drawing unified plans and organizing peasants to jointly exploit the mines with the state-run mines as the bases. The concrete forms of joint operation can be fixed in the

light of local conditions. In the areas where peasants have no equipment or tools and thus lack the ability to exploit mines, we can adopt the method of state-run mines providing equipment, tools, and technological guidance and peasants providing labor to jointly exploit mines. The ore produced in these mines will be sold under the unified arrangements of the state-run mines and the profits from the sales will be divided between the two parties in proportion to their shares. In the areas where the peasants have the equipment and tools to independently exploit mines, the state-run mines there can assign the exploitation of some small mines to the peasants by responsibility contracts and the state-run mines will be responsible for purchasing the ore produced by the peasants. In the areas where the state-run mines lack labor and there is surplus labor in nearby rural areas, we can adopt the method of state-run mines recruiting temporary workers from the rural areas and thus providing employment for rural surplus labor and letting rural laborers earn wages from the mines.

3. We should strengthen our guidance and enable our peasants to healthily develop their mining industry. When our peasants begin to run mines, a chaotic situation will emerge if we do not strengthen our guidance. The chaotic phenomena that we often see are scrambles for mining sites, loss of resources, frequent accidents, and poor comprehensive utilization. In some areas, only 10-20 percent of the ore is exploited and over 80 percent is wasted because of scrambling for mining sites. In order to solve the above-mentioned problems, and in order to enable our peasants' mining industry to develop healthily, we should first strengthen our prospecting work so as to be clear on location and conditions of the deposits of the resources, the nature of the ore, its composition, the amount of reserves, and the hydrological and geological conditions. By so doing we will avoid blind exploitation. We should not exploit unmarketable ore. If we exploit lean ore, we should set up ore dressing plants. In the areas where there are big state-run mines, we can adopt the method of localities exploiting ore separately and the state-run mine purchasing the ore and processing the ore in its ore dressing plants. In the areas where there is no state-run mine, we can adopt the method of exploiting ore separately and collecting the ore together to be processed by one ore dressing plant. We should also give guidance on the professional technology related to exploiting mines, the installation of pit props and transport in order to reduce the number of accidents.

4. We should provide financial aid to these mines. In the areas that lack funds to set up small mines exploited by the masses of people, the state can provide non-interest loans to help the areas set up the mines. The state can also adopt the method providing low-interest loans for medium-sized mines and help them to satisfactorily carry out technological transformation and expand production capacity. At the same time it should exempt the taxes on the mines that earn less than 5 million yuan profit a year.

5. We should first satisfactorily maintain simple reproduction and thus enable peasants' mining undertakings to continuously develop. At present, most of the mines exploited by collectives and individuals are outcropping mines or mines in the surface layer, which require little equipment and few tools to exploit, are simple and inexpensive to exploit and which enable people to

earn much income. However, gradually, the exploitation will go deeper and need certain equipment and tools, pit props, and lighting, ventilation, drainage, and lifting facilities. As a result, the costs will correspondingly be raised and the income will decrease. This is a law specific to mining production and mines run by peasants are no exception. We should guide our peasants in refraining from dividing up all the income when they are exploiting the outcropping mines and the mines in the surface layer and earning much income. We should teach them to retain some appropriate share of their income for simple reproduction, purchase some equipment and tools in a planned manner for their mines and thus ensure the continuous operation of their mines.

6. We should strengthen planned management and include the mines of the masses of people in the scope of the guidance of the state plans. The uneven dispersion of our mineral resources has determined that the production, transport, and sales of mining products should be governed by unified planning within the scope of a certain area or within the scope of the whole country, and should be balanced in a comprehensive manner. This is the case for state-run mines and also for mines run by the masses of people. Otherwise, their products are apt to be stockpiled or in short supply. If the ore extracted cannot be sold or transported to other areas, the labor achievements of our peasants will not be realized and this will dampen their initiative. Therefore, we must strengthen our planned management. At the same time, in order to solve the problem of the tension in the relations between workers and peasants in some areas, the mines and localities should both carry out activities of jointly building civilized villages and civilized mines. At the same time, we should strictly enforce law and discipline and mete out legal punishment for the offences of illegally occupying state-run mines, robbing the ore of state mines, and destroying roads, railways, bridges, towns, trees, or the buildings of state-run mines.

7. In order to satisfactorily run local mines, the responsible department of the state should set up a nationwide medium-sized and small mines advisory service company and all the provinces should also set up corresponding companies in their responsible departments in order to facilitate prompt exchange of information and understanding of the relations between supply and demand and provide satisfactory advisory service.

CSO: 4006/258

MINERAL RESOURCES

BRIEFS

NEI MONGGOL TROILITE MINE--Hohhot, December 25 (XINHUA)--A troilite mine being built in Inner Mongolia officially went into partial production today. The Tanyaokou mine will be one of the top three in China. With the completion of its first-phase construction, the mine is now able to produce 450,000 tons of troilite and dress 400,000 tons a year. Construction of the mine began in 1981. [Text] [Beijing XINHUA in English 1606 GMT 25 Dec 84 OW]

JIANGSU ANHYDRITE MINE--Nanjing, December 29 (XINHUA)--An anhydrite mine with an annual mining capacity of 300,000 tons, on the eastern outskirts of Nanjing, capital of Jiangsu Province, officially went into production today. Anhydrite is a granular, white or light-colored mineral resembling marble. It is often found together with rock salt and used in cement production. According to geological surveys, the mine has workable reserves of more than 700 million tons, the largest anhydrite deposit found so far in China. The mine will provide large quantities of quality raw material for the building industry and facilitate the production of sulfur-rich chemical fertilizer for east China. [Text] [Beijing XINHUA in English 1621 GMT 29 Dec 84 OW]

CSO: 4020/63

INDUSTRY

NEW POLICY BOOSTS SHANGHAI'S INDUSTRIAL PRODUCTION

OW190319 Beijing XINHUA in English 0233 GMT 19 Dec 84

[Text] Shanghai, December 19 (By XINHUA correspondent Lou Baocheng)--The policy of encouraging a market-oriented economy is responsible for the sharp increase in Shanghai's industrial production this year, according to Sun Xinkang, a senior official at the city's planning commission today.

The city, which met its 1984 production plan last week, is expecting a 9 percent increase in industrial output value over 1983. Industrial production rose by 6.6 percent in 1983, 4.5 percent in 1982 and 3.6 percent in 1981.

Production of refrigerators was up 130 percent in the first 11 months of this year over the same period in 1983. The increase was 90 percent and 54 percent for washing machines and cassette recorders. Other durable goods now in large demand include color televisions, motorcycles and cameras.

"More and more people are trying to 'modernize' their homes while helping modernize China," Sun said.

"The current policy calls for concentrated efforts to produce badly needed goods and goods of high quality," he added. It has also helped boost production of popular brands of bicycles, sewing machines, wristwatches and other goods. These now furnish nearly one-fifth of the city's industrial output value.

Since the beginning of this year, 115 products produced by the city have been awarded state gold or silver medals for good quality products," Sun said.

The rate of industrial increase is expected to hit 7 percent next year, led by boosts for consumer and high-technology goods. Production of color televisions, refrigerators, washing machines and microcomputers is set to rise by 60 to 200 percent.

Also responsible for this year's industrial increase are experiments in increasing the autonomy of selected factories for better economic performances. "The results are remarkable in 80 percent of the 200 factories--including 58 key factories--involved in the experiments," Sun said. The number of key enterprises experimenting with new managerial systems will increase to 200 next year, while 150 smaller state-owned factories will be run on a cooperative basis.

INDUSTRY

TEXTILE MACHINERY, TECHNOLOGY CORPORATION SET UP

OW300744 Beijing XINHUA in English 0727 GMT 30 Dec 84

[Text] Beijing, 30 Dec (XINHUA)--A new corporation has been set up under the Ministry of the Textile Industry to meet the needs of large scale technical transformation of the textile industry, it was announced here today.

The China Textile Machinery and Technology Import and Export Corporation (CTMTC) will engage in cooperative production and compensation trade, process supplied materials and set up joint ventures with foreign partners.

This used to be done by other foreign trade organizations.

Complete plants valued at more than 1.6 billion U.S. dollars have been imported since 1972 from Japan, the United States, Italy and Federal Germany to develop the chemical fiber industry, according to the ministry.

To renew textile equipment for the international and domestic markets for medium and high grade products, 100 contracts have been signed this year between the ministry and foreign manufacturers to import advanced technology and equipment valued at 100 million U.S. dollars

The ministry plans 1,200 schemes before 1987. Much foreign equipment and technology will be imported.

CSO: 4020/73

INDUSTRY

INDUSTRIAL PRODUCTION UP 13.3 PERCENT IN 1984

OW291229 Beijing XINHUA in English 1139 GMT 29 Dec 84

[Text] Beijing, 29 Dec (XINHUA)--China has achieved a record development in industrial production this year, Vice Minister of the State Economic Commission Zhao Weichen said in an interview with XINHUA here today.

Total industrial output is expected to be worth 696.5 billion yuan--13.3 percent up on the figure for 1983.

The proportion of light to heavy industry has remained at about 49 to 51 percent, showing a balanced growth.

The vice minister said the country would turn out at least 770 million tons of raw coal, 60 million tons more than last year, thus ranking second in the world from third last year.

Oil output will amount to 114.8 million tons, 8.2 percent more than in 1983, and oil exports have increased considerably.

The country has also verified another 700 million tons of oil deposits this year.

China is set to generate 373.6 billion kWh of electricity this year, 14.3 billion kWh more than in 1983.

Over the year, steel output has risen by 9.1 percent to 43.7 million tons, while pig iron production is up seven percent to 40 million tons.

The output of 10 major non-ferrous metals has increased by eight percent and gold by 10.6 percent.

The country has manufactured 302,000 motor vehicles and 624,000 small tractors, representing increases of 30 and 24.8 percent respectively.

About 40,000 industrial plants have been upgraded. Nearly 1,000 agreements on importing technology have been signed.

During the first eleven months of 1984, China's total retail sales volume rose by 15.8 percent to 297.5 billion yuan, while import and export volume increased by 19.8 percent to 46.6 billion U.S. dollars.

State revenue went up by 14.4 percent in the same period.

The state has given awards this year to 662 industrial products for their fine quality. Most of these are up to international quality standards.

The vice minister said that by the end of November, the country had stockpiled over 100 million tons of coal, 22 million cubic meters of timber and a large amount of cement for a further production increase next year.

Despite these successes, energy supply, communications and raw materials remained strained and production costs were rising.

CSO: 4020/73

INDUSTRY

BRIEFS

HENAN BOOSTS INDUSTRIAL PRODUCTION--By mid-December this year, the province had achieved a gross industrial output value of 25.4 billion yuan, or 103.7 percent of this year's target, an increase of 12.9 percent compared with the same period last year, thereby fulfilling the targets of the Sixth 5-Year Plan a year in advance. By the end of November, the province's light industry had increased by 10 percent, heavy industry had increased by 15.1 percent, the enterprises owned by the whole people had increased by 12 percent, and the enterprises owned by collectives had increased by 15.1 percent. The profits of the enterprises included in the provincial budget had increased by 14.6 percent. The turnover period for floating capital had been shortened by 8 days.

[Summary] [Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 25 Dec 84 HK]

LIAONING TOWN-OWNED ENTERPRISES' ACHIEVEMENTS--The township-and town-owned enterprises throughout Liaoning Province have achieved most rapid progress in development. The output of their major products, such as gold, cement, and raw coal, has greatly increased. According to statistics, industrial output value in 1984 surpassed the figure of 5 billion yuan, topping the previous peak. [Excerpt] [Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 28 Dec 84 SK]

QINGHAI LIGHT, TEXTILE INDUSTRIES--The Qinghai Provincial light and textile industrial system fulfilled its production quota for 1984, 1 month ahead of schedule. The gross industrial output value was 396.81 million yuan and was 9.95 percent more than in the same period last year. [Summary] [Xining Qinghai Provincial Service in Mandarin 1100 GMT 2 Jan 85 HK]

HAINAN INDUSTRIAL PRODUCTION--Hainan Region's gross industrial output value in 1984 amounted to 1.025 billion yuan, which was 19.19 percent more than in 1983, and 11.41 percent more than the annual quota. The region's profits in 1984 was 15.65 million yuan and was 736 percent more than in 1983. [Summary] [Haikou Hainan Island Service in Mandarin 0400 GMT 3 Jan 85 HK]

HUBEI VEHICLE PRODUCTION--The No 2 motor vehicle manufacturing plant produced some 74,000 motor vehicles in 1984, which was some 50,000 vehicles more than in 1983. The profits made by the plant in the year recorded an increase of 25 percent. The plant submitted taxes and profits of some 300 million yuan to the state. The gross industrial output value, the total amount of profits,

taxes submitted to the state, and the rate of reduction in the costs for comparable products in the plant ranked the first among the 10 large motor vehicle plants throughout the country. The plant's highest daily output of motor vehicles amounted to 275. [Summary] [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 3 Jan 85 HK]

SHANGHAI INDUSTRIAL OUTPUT MET--Shanghai, December (XINHUA)--Shanghai's industrial output hit 70.5 billion yuan today, meeting its 1984 plan ahead of schedule. The figure is expected to reach 74.2 billion yuan by the end of the year, a nine percent increase over 1983, according to the Municipal Statistical Bureau. Shanghai's industrial production rose by 6.6 percent in 1983, 4.5 percent in 1982 and 3.6 percent in 1981. The rate of increase is expected to hit seven percent next year, led by boosts for consumer and high-technology goods now in large demand. Production of color televisions, refrigerators, washing machines and microcomputers is set to rise by 60 to 200 percent, the bureau said. [Text] [Beijing XINHUA in English 1613 GMT 14 Dec 84]

UPGRADING LIGHT INDUSTRY ENTERPRISES--The Ministry of Light Industry will invest more than 10 billion yuan (about \$3.2 billion) for 1985 to 1987 to upgrade existing enterprises, while preliminary success has been achieved in this field by introduction of advanced technology. Ji Wenan, deputy director of the planning department under the ministry, said in an interview with CHINA DAILY yesterday that the ministry plans to attain faster development through technical upgrading of existing enterprises rather than the launching of new projects in the next few years. The 2,000 technical items to be upgraded include 500 projects aimed at promoting the ministry's export capacity. According to the deputy director, the ministry has made considerable effort in technical upgrading since 1978, including spending \$900 million to import advanced foreign technology and equipment, much more than the sum it spent for the same purpose from 1950 to 1978. Domestically, the ministry will draw up an overall plan for key projects to be upgraded, giving greater freedom to local governments and enterprises to approve projects involving foreign exchanges, and to set up foreign technical and economic cooperations. Meanwhile, foreign technology and equipment will be imported to promote production of beer, canned food, sugar, paper, household electrical appliances, leather and fur products, plastics and clothing. If the program is successful, the ministry expects to see an additional output value of 20 billion yuan a year, and 4 to 5 billion yuan more in profits and taxes for the state. [By Chen Guanfeng] [Text] [Beijing CHINA DAILY in English 7 Dec 84 p 2]

CSO: 4020/55

CONSTRUCTION

SHENZHEN'S CAPITAL CONSTRUCTION ACCELERATED IN 1984

HK040932 Beijing ZHONGGUO XINWEN SHE in Chinese 0213 GMT 1 Jan 85

[Article: "Shenzhen Completed 2.6 Million Square Meters of Capital Construction in 1984"]

[Text] Shenzhen, 1 Jan (ZHONGGUO XINWEN SHE)--This reporter has learned from a relevant department in Shenzhen that in 1984, this city invested a sum of 1.5 billion yuan in capital construction, equal to the total investment of the previous 2 years, and completed an area of 2.6 million square meters in this construction, which was larger than the total completed areas of the previous 2 years. The construction of 23 high and medium buildings was completed, most of which reached the A level in quality.

Since last year the environment for investment in Shenzhen has constantly improved. The projects for establishing the management line of the special zone and expanding and rebuilding Luohu, Wejiadu, Shatoujiao, and Shekou ports have also been completed. Some 70 roads, with a total length of 73 km, have been built in the urban areas, and the Nigang and Sungang overpasses have been completed and put into use. The telecommunications building, with a construction area of more than 10,000 square meters, and 10,000 automatic telephone sets and 300 long-distance lines of the first phase project have been completed and are now under examination. Water and electricity supply has also been greatly improved. Moreover, there are also a number of newly built residential houses, shops, offices, industrial buildings, and warehouses for purchase or lease.

At the same time, the new urban areas in Luohu and Shangbu have also begun to take shape. Last year the building of 1.5 million square meters of residential houses was completed and a number of middle schools, primary schools, and nurseries, as well as a university were newly established. Some public facilities, such as liquefied gas stations, transformer substations, and sewage purification plants, were also put to use.

At present, within an area of 31 square kilometers in Shangbu and Luohu, more than 20 small living, industrial, commercial, and touring districts have been initially established, which form an embryo of a new modern city.

CSO: 4006/229

CONSTRUCTION

JINGJI RIBAO ON CAPITAL CONSTRUCTION IN 1985

HK251522 Beijing JINGJI RIBAO in Chinese 18 Dec 84 p 1

[Editorial: "Control Scope, Ensure Priorities--On How To Make Arrangements for Next Year's Capital Construction Work"]

[Text] The new year will soon be here. How are we to do a good job in capital construction work in the coming year? It is necessary for us to implement in earnest the principle of controlling the scope of capital construction, ensuring priorities, doing a good job in reform, and improving economic results.

In 1984, a bumper harvest was reaped in agriculture, the rate of development in industry was fast, capital construction was satisfactorily completed, relations between all aspects were harmonious on the whole, and there appeared a situation of overall and steady growth in the national economy.

In face of this excellent situation, many departments and localities would like to make capital construction advance faster and make arrangements for more new projects. Such wishes are understandable. However, the primary task in economic work in 1985 is to carry out reform in the economic structure with cities as the key link. Only when the reform is carried out resolutely step by step will it be possible for the urban economy to thrive continuously and meet the needs of opening to the world and making the economy at home lively, so as to make the whole national economy develop better and faster. This is the whole situation, to which all our work should be subject. To control the scope of capital construction and to keep the construction line from being overextended is to meet the needs of the whole situation in stabilizing the economy and ensuring the economic reform of cities.

Placing the general scope of investment in the control of the national plan is an important matter in economic work. There have been several occasions since the PRC's founding, wherein the scope of capital construction has been excessive. It was often the case that when the situation was fine, the scope of capital construction was enlarged and the construction line extended, and there were insufficient funds and goods and materials; as a result, the effects of investment were reduced, and the growth rate, which was meant to be quickened, was actually slowed down. We must guard against

the reappearance of such phenomenon. The allotment of funds to mandatory plans should be strictly based on the projects, and self-raised investment funds should be deposited in the construction banks beforehand. As for nonproductive projects such as primary and middle schools, hospitals, and cultural centers below the county level and residences for workers and staff of old enterprises, which are urgently needed in the people's life, these should not use materials designated for projects in the national plan, in particular those for priority projects, although the former are not under the control of the scope of the capital construction plan; and relevant departments must strengthen their guidance.

On the one hand, the general scope of investment should be controlled; on the other, priorities must be ensured, in particular the needs of large and medium-type projects organized on the basis of rational construction periods. Beginning in 1985, we must be determined to gradually shift the focus to the technological transformation, reconstruction, and expansion of existing enterprises in our construction policy. So long as problems can be solved by the technological transformation, reconstruction, and expansion of existing enterprises, there will be no need to go in for new projects.

Doing a good job in arranging capital construction in 1985 not only concerns the development of the economic situation in 1985, but also affects the Seventh 5-Year Plan and the link with a long-term plan. We must start from the interests of the whole situation, make meticulous arrangements, be strict in our control, and ensure the priorities in a down-to-earth manner, so as to make the economic results of capital construction higher and higher with each passing year.

CSO: 4006/229

CONSTRUCTION

ENGINEERING CORPORATION WINS MORE CONTRACTS

OW061220 Beijing XINHUA Domestic Service in Chinese 1140 GMT 5 Jan 85

[By reporter Chen R1]

[Text] Beijing, 5 January (XINHUA)--Last year, the China Architectural Engineering Corporation [CAEC] achieved a significant breakthrough in its foreign operation despite fierce competition among international contractors. Statistics show that CAEC signed a total of 139 contracts involving \$800 million, topping its total volume of businesses accomplished during the previous 5 years of foreign operation.

China presently has over 50 corporations accepting foreign contracts, and CAEC's volume of business represents over half of the total business. Certain European contractors maintain that CAEC has already become one of the major international contractors capable of handling large construction projects.

The international contract market was highly competitive last year. Contractors from South Korea, Japan, France, the Federal Republic of Germany, Italy, and other countries were highly active. In accordance with the principle of meeting market requirements and operating flexibly, CAEC, with its strategic development in mind, selectively accepted some clients' requests for building on credit, and accepted several major projects each costing some \$100 million. This included Iraq's Al-Hindiyah irrigation project. This promptly ended CAEC's previous situation, where its volume of business kept on lingering at an annual \$200 million or so for several years.

Under the policy of "keeping promises, ensuring quality, keeping profits low, and doing business equitably," CAEC has been paying meticulous attention to design and quality, and has been striving to complete all construction projects within the shortest period. Many of its projects have thus won very favorable comments from its foreign clients.

CAEC has also made headway in carrying out equitable and mutually beneficial cooperation with other international contractors. By cooperating with other international contractors in handling one single project through subcontracting to them certain parts of the whole project and by commissioning the procurement of materials to other corporations, CAEC has also become more capable of managing large projects in a comprehensive way. Owing to having actively carried out international economic and technical cooperation, CAEC was awarded Italy's Mo-qui-li [1075 8002 0448] Award in September 1984.

CONSTRUCTION

'SERIOUS SHORTAGE' OF SUPPLIES DESPITE STOCKPILING REPORTED

HK260350 Beijing CHINA DAILY in English 26 Dec 84 p 1

[Text] Important materials such as steel, wood and coal were still being overstocked this year despite industries in various parts of China suffering a serious shortage of these supplies, ECONOMIC DAILY reported yesterday.

According to departments concerned, the newspaper said, the total value of steel, wood, coal, cement and another 12 materials stocked in the first half of this year increased 15.3 percent over the beginning of the year. Steel increased by 15.3 percent, coal 9.6 percent and wood 29 percent. And up to September, there had been little improvement while industrial production was curbed by shortage of supplies.

Most of the materials are overstocked in producer departments or capital construction units.

The paper said the existing material supply system actually encourages those making requests to ask for more than they need while the suppliers under-report their resources. It does not punish those units who have no use for these materials but get hold of them for bartering, thus aggravating the supply shortage.

Insufficient transport capacity is another problem.

Slow exchange of marketing information also slows the process. At present, most industrial and commercial businesses in the country have not established efficient methods of forecasting needs.

The paper reported that the Gezhouba Dam, the largest power project of the country, was now in urgent need of 8,000 tons of steel reinforcing bars.

The paper said the second phase of the project, which aimed to generate power in the first half of 1986, had entered a key period in construction, but the shortage of reinforcing bars had caused delays.

The General Bureau of Materials Supply had earlier agreed to allocate an additional 8,000 tons of reinforcing bars, but the supply had not yet arrived.

The paper said it was possible that generation of power from the project would have to be delayed for one year. The loss would be 1.6 billion kilowatt-hours, it is estimated.

The paper appealed to all departments concerned to adopt immediate measures to solve the problem.

CSO: 4020/63

CONSTRUCTION

BEIJING CONSTRUCTION EXPANDS, FACES PROBLEMS

HK030604 Beijing CHINA DAILY in English 2 Jan 85 p 3

[Article by staff reporter Wu Jingshu]

[Text] Beijing smashed records in the speed and the scale of its urban construction in 1984, but still faces many problems in the new year, Su Zhaolin, director of the Capital Construction Commission, told CHINA DAILY.

The city's builders have completed construction of nearly seven million square metres of floor space, plus a series of major utility and road projects, an increase of 14 percent over 1983. The total investment was 3.1 billion yuan (\$1.1 billion).

Most spectacular was a 30 percent increase in productivity since June, when a new contracting system was introduced to tie the building firms' and their 400,000 employees' income to their performance, Su said.

The dramatic increase in building speed also created problems, however, in the supply of building materials, construction quality and safety.

Five workers were killed in November in a fall from a 75-metre high concrete chimney under construction at the site of a new residential centre in Fengtai District. A number of buildings have also been rejected on completion because of poor quality.

However, a penalty clause has now been included in the building contracts to bar negligence of safety or quality by the builders seeking higher productivity, Su said.

The quickening pace of construction has also widened the gap between supply and demand of building materials. As Beijing builds more and more high-rise hotels, apartments and office buildings, steel and concrete structures are gradually replacing the traditional bricks and mortar walls, imposing new demands on supply.

Beijing needs an estimated three million tons of cement in 1985, when it expects to invest four billion yuan (\$1.43 billion) in capital construction--a 25 percent increase over 1984.

But its Liulihe Cement Works--the biggest today in China--produces only 1.3 million tons a year, leaving a gap of 1.7 million tons to be bridged by other sources, Su said.

"We have plenty of steel but lack the right types," Su pointed out. Building steel, particularly reinforcing bars, are in extremely short supply. The State Supply Bureau had to take urgent steps this week to rush several thousand tons of reinforcing bars to Gezhouba Dam--the country's top-priority energy project on the upper Yangtze River--which was recently forced to delay its construction because of a shortage of the essential material. Beijing's several building jobs also have similar troubles, according to Su.

In 1985, the commission plans to boost the city's production of building materials with a series of new developments in plant and technology, Su said. This will include building a new cement factory and a number of new plants to produce sophisticated structural materials, including aluminium alloy and ceramic products.

To speed up the city's building material industry, Beijing has decided to introduce foreign technology and investment, Su said. Negotiation is already under way on a number of projects, he added.

Meanwhile, Beijing's builders finished 80,000 new apartments in 1984 and expect to build another 80,000 this year. They have also built 17 luxury hotels in 1984 including the Great Wall Hotel, Xiyuan Hotel and Beijing-Toronto Hotel. Work has now started on the new 1,200-room International Hotel on East Chang'an Street--the largest in Beijing thus far.

But the most significant job they did was the improvement of the vital infrastructure in the national capital, Su noted.

A major achievement was the 100-kilometre-long natural gas pipeline linking Beijing with the North China Oilfield in Renqiu, Hebei Province. This will bring 600,000 cubic metres of cooking gas daily to the urban residents, two-thirds of whom are now still tied to their coal stoves. This, plus the current expansion of East Suburb Gas Plant, will double the city's gas supply this year.

In 1984, more than 50,000 Beijing households dispensed with coal stoves and had gas connected to their kitchens--a record in the history of Chinese cities.

Water shortage--another key problem--is also being tackled, Su said. The city is speeding up construction of two new waterworks in suburban Beijing, which will increase its daily water supply by nearly 700,000 tons of fresh water from the Miyuan and Huairuo reservoirs.

In environmental protection, Beijing has finished rebuilding several of its badly-polluted suburban rivers, including the Liangma River in east Beijing and the Wanquan River, which used to flood areas of Haidian District including Qinghua University and the Chinese Academy of Sciences in Zhongguancun,

was completely rebuilt with a new sewer main laid under it. Some 10,000 people, including volunteers from the local institutes and universities, took part in the work.

In 1984, the city invested more than 600 million yuan (\$214 million) on urban infrastructure and road building, Su said.

New roads, especially several new overpasses built in 1984 in east and south Beijing, have improved the city's transport. However, urban transport will remain an outstanding problem, which will continue to plague the capital's residents for some time, before a number of major projects can be launched to improve the situation, Su said.

These projects, earlier proposed but not yet undertaken because of shortage of funds, include vehicular overpasses across the main street intersections of Xidan and Dongdan and an east-west subway trunkline linking the industrial centre of east suburb with the existing underground route ending at Fuxingmen, via the business centres of Wangfujing and Xidan.

In 1985, nevertheless, Beijing will make every effort to improve the city's traffic situation by rebuilding a number of roads, especially north-south roads, which are the city's current bottlenecks, Su said.

CSO: 4020/63

CONSTRUCTION

XINJIANG PLANS EXPANSION OF TOURIST FACILITIES

OW301732 Beijing XINHUA in English 1638 GMT 30 Dec 84

[Text] Urumqi, December 29 (XINHUA)--Preparations are now under way to build a tourist village in Urumqi, capital of Xinjiang Uygur Autonomous Region, which will be a showcase of Xinjiang featuring its history, landscape, cultural and historical relics and architecture.

Construction of the village will require 30 million U.S. dollars. Tourists will be able to visit the village or stay, where regular ethnic weddings will be held. Village shopkeepers will dress traditionally.

This will be part of the effort to attract tourists to the region which, occupying one-sixth of the nation's territory, has more than 40 ethnic minorities. Tourists are drawn by local customs, the scenery and the third to the ninth century graves at Astana with their hundreds of mummies.

The autonomous region will also build new hotels and other facilities to cater to the growing number of tourists, according to regional government officials.

New hotels planned for 1985 include a 21-story restaurant in Urumqi, a 300-bed hotel in Turpan, a depression 154 meters below sea level also known as the "country of grapes and water melons," and a 500-bed hotel in Kashi (Kashgar), a 2,000-year-old city believed to be an important stopover on the ancient Silk Road.

The Xinjiang Restaurant in Urumqi will be built with a foreign investment of 24 million U.S. dollars. Upon completion in 1987, it will be the city's tallest.

The regional government will appropriate 1.7 million yuan for the city's road construction, greenery and adding recreation facilities.

CSO: 4020/63

CONSTRUCTION

BRIEFS

NEI MONGGOL CAPITAL CONSTRUCTION--In the January-October period of 1984, Nei Monggol Autonomous Region invested 1,568 million yuan in capital construction. [Excerpts] [Hohhot Nei Monggol Regional Service in Mandarin 2300 GMT 26 Dec 84 SK]

PEASANTS URGED TO SPEED CONSTRUCTION--Beijing, December 27 (XINHUA)--Beijing Mayor Chen Xitong today encouraged suburban rural officials to speed up the construction of local towns and build more modern villages with better public facilities. Speaking at a meeting on rural construction, Chen said that while beginning to work for rebuilding the country towns, efforts should be speeded up next year to improve public facilities in villages, including gardens and better homes for the elderly, sports fields and swimming pools. Peasants in the Beijing area should have a beautiful environment and clean facilities to accommodate their guests, he said. He also suggested that villages should be turned into tourist resorts. The city has so far drawn up detailed programs for revamping 80 percent of its 253 suburban towns. Plans for the first 13 will go into effect next year. The municipal government will move about 1.4 million peasant families into new houses by 1990. [Text] [Beijing XINHUA in English 1507 GMT 27 Dec 84 OW]

PRC FIRM TO BUILD NEPALESE COMPLEX--Kathmandu, December 27 (XINHUA)--Nepalese Prime Minister Lokendra Bahadur Chand laid the foundation stone here today for the construction of an Employees' Provident Fund Central Office and shopping centre complex. The complex is a co-sponsored project of China and Nepal. It includes two main buildings with a total construction space of 12,000 square metres which is to be completed before the end of 1986. The China International Water and Electric Corporation will undertake the construction of the complex at a contract price of 50 million rupees (about 3 million U.S. dollars). [Text] [Beijing XINHUA in English 1853 GMT 27 Dec 84 OW]

LIAONING WATER-DIVERSION PROJECT--Liaoning Province has taken 1 and 1/2 years and spent more than 38 million yuan to build the provincial key project to divert the waters of the Daling River to (Panjing) City. The underground water diversion pipeline that crosses the Raoyang and Taiping Rivers and extends through Jin and Panshan Counties totals 53 km in length. One end of the pipeline is at (Jicheng) Village on the east bank of the Daling River, in Jin County, and the other end is at (Panjing) City, which has experienced water shortages for a long time. The project was put into operation ahead of schedule on 28 December. [Excerpts] [Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 28 Dec 84 SK]

FOREIGN TRADE AND INVESTMENT

GUANGXI GOVERNOR ON ECONOMIC POLICY, FOREIGN TRADE

HK040442 Beijing ZHONGGUO XINWEN SHE in Chinese 0341 GMT 1 Jan 85

[Report by reporter Guo Wei [6753 0251]: "Guangxi Will Open Its Door Wider to the Outside World -- A Visit with Wei Chunshu, Chairman of the Guangxi Zhuang Autonomous Regional Government"]

[Text] Nanning, 1 January (ZHONGGUO XINWEN SHE)--On the occasion of New Year, Wei Chunshu, chairman of the Guangxi Zhuang Autonomous Regional Government, spoke glowingly of the region's implementation of the policy of opening to the outside world.

Wei Chunshu said: By the end of last November, Guangxi had signed 69 contracts with foreign and Hong Kong firms, with an investment involved totalling U.S.\$150 million, 75 percent of which has been used in operating joint ventures and cooperative management in enterprises.

Wei Chunshu informed the reporter that last year the regional government gave Beihai, Wuzhou, and Guilin cities the examination and approval power in the utilization of foreign capital and formulated preferential policies for them. Wuzhou City recently held an investment symposium on the utilization of foreign capital. More than 1,000 Hong Kong and foreign businessmen attended the symposium. Moreover, some provinces in the southwest and the northwest also have asked for cooperation. Now we are confronted with the situation in which investors are looking for investment possibilities. This is indeed a good sign.

In touching on the desired impetus in the utilization of foreign capital by various localities in Guangxi, Wei Chunshu said: In opening its door to the outside world, Beihai City has been given special treatment by the central authorities, and there will be a new situation in its development in the near future. Guilin's tourist industry is on the ascendant. The number of foreign visitors to Guilin last year totalled 300,000, and that of domestic visitors was 2 million. Wuzhou, only an 8-hour voyage from Hong Kong, is not only the import and export port of Guangxi but also is the port of provinces in the southwest. With an industrial foundation, Liuzhou and Nanning cities have enormous potential for the importation of foreign technology.

Wei Chunshu particularly stressed: Guangxi is China's third largest home of Overseas Chinese. There are 1.5 million Chinese nationals living abroad whose

home towns are in Guangxi. In Hong Kong and Macao there are 500,000 compatriots that originally came from Guangxi. Half of the foreign investment used by Guangxi at present has come from Hong Kong. The region's volume of trade with Hong Kong constitutes 49 percent of the total volume of its foreign trade. Guangxi from now on will strengthen contacts with Hong Kong.

While talking about this year's economic work with other countries, Nei Chunshu held that Guangxi must take a further step in opening to the outside world and give more benefits to foreign firms. The measures which he cited are as follows: The regional government has promulgated some regulations on the utilization of foreign capital and the importation of foreign technology, and in carrying out the open policy it will give preferential treatment to overseas firms. It has also recently decided to set up the Guangxi International Trust and Investment Corporation. This year Guangxi will hold an investment symposium and invite foreign businessmen, Overseas Chinese, and compatriots from Hong Kong and Macao to attend the meeting.

CSO: 4006/245

FOREIGN TRADE AND INVESTMENT

XIAMEN'S FUDAO COMPANY BEGINS OPERATIONS

HK040934 Beijing ZHONGGUO XINWEN SHE in Chinese 0724 GMT 3 Jan 85

[Report: "Fudao Company Limited of Xiamen Begins Business"]

[Text] Fuzhou, 3 January (ZHONGGUO XINWEN SHE)--The Fudao Company Limited of Xiamen began operating on New Years' Day.

The Fudao Company Limited is a Chinese-Hong Kong joint venture enterprise established by the International Trading and Trust Company of the Xiamen Special Economic Zone, the Xiamen City Real Estate Company and the Xiamen City Commodities Company in cooperation with the Fushan Investment and Designing Company Limited of Hong Kong. The Fushan International Exhibition City operated by it is situated in Shuangshan District at the intersection of Hubinnan Road and Fuxia Highway in Xiamen and covers 50,000 square meters. It consists of two parts--the exhibition center and the service center (including offices, restaurants, shops, and so forth). The foundation stone laying ceremony was held last October. At present, construction work on the Exhibition City is being stepped up. The first stage of the project will be completed some time before May this year. It will be devoted to holding various types of domestic or internationally sponsored exhibitions, handling import and export trade, running restaurants, shops, recreation grounds, and offering relevant services. It was learned that the exhibition city will hold its first international exhibition in June this year.

CSO: 4006/245

LABOR AND WAGES

QIAN ZHENGYING AT BEIJING MODEL WORKERS MEETING

OW101415 Beijing XINHUA Domestic Service in Chinese 0833 GMT 10 Dec 84

[Report by Huang Fengchu and Cui Lisha]

[Text] Beijing, 10 Dec (XINHUA)--Engineers, technicians, and economic administrators make up the bulk of labor models in the nation's departments of water resources and electric power. Seventy-five percent of those attending the congress of labor models and representatives of advanced collectives in the nation's departments of water resources and electric power--a meeting which opened in Beijing today--are engineers, technicians, and administrators.

The meeting is the largest in scale ever held for labor models in the nation's departments of water resources and electric power since liberation. The large number of engineers, technicians, and administrators at the meeting shows the respect for knowledge and competent personnel. A total of 900 people are attending the meeting.

Addressing the opening ceremony, Qian Zhengying, minister of water resources and electric power, praised the labor models and advanced collectives and advanced enterprises as examples in building spiritual civilization on the water conservancy and power front and as leaders in the development of water resources and electric power. She said: Because of their dedication to reform and their courageous exploratory spirit, these labor models have accomplished enormous economic successes for the state. Some comrades have expedited construction by taking the lead in shouldering heavy burdens; some have dedicated themselves wholeheartedly to the cause of the country and the people, even at the risk of their own lives; and many have accomplished extraordinary successes by working persistently at their posts for over a decade, or even several decades. Qian Zhengying called on workers on the water conservancy and power front to learn from these labor models so as to whip up an upsurge in emulating the advanced.

Wang Chonglun, vice chairman of the All-China Federation of Trade Unions, came to the meeting to extend his congratulations to the labor models. He said: The central task of the current economic reform in cities is to further enliven our enterprises. To enliven our socialist enterprises, all workers and staff members must soberly realize that they are the masters of their country and therefore should do their jobs well. He urged all

participants of the meeting and all other workers in the nation to keep up with the needs of modernization, face the world and the future, constantly heighten their understanding and political consciousness, and upgrade their scientific and educational level so as to become the main force in reforming the economic structure.

CSO: 4006/229

LABOR AND WAGES

NEW YEAR'S PLAYS REFLECT ECONOMIC REFORMS

OW301349 Beijing XINHUA in English 1321 GMT 30 Dec 84

[Text] Beijing, 30 Dec (XINHUA)--New plays to be performed on the occasion of the new year, reflect the on-going economic reforms.

The first five performances of the Beijing People's Arts Theater's new play, "The Moment of Labor Pain" have been booked out.

The play extols the self-sacrificing spirit of its heroine, while all kinds of conflicts arising from the economic reform are depicted.

"The Golden Time," with a similar theme, is the latest play from the Chinese youth arts troupe. The drama tells the story of former businessmen who take part in the economic reform. They win their colleagues' respect for what they have done for their enterprises.

Dancing and fashion shows will be staged for the first time, together with ballads, light music, solo singing, and folk art performances. More than 10,000 tickets have been sold for dance performances and fashion shows in the city's three major gymnasiums.

Li Yanping, a woman garment designer, has prepared more than 200 suits of fashionable clothes to be shown on new year's day by the China railway art troupe. Mrs Li used to be a dancer in the troupe.

Over 40 new dramas and plays in the traditional style of the Beijing opera will be put on for local fans.

CSO: 4020/73

LABOR AND WAGES

HAO JIANXIU ON ROLE OF TRADE UNIONS IN REFORM

OW272225 Beijing XINHUA Domestic Service in Chinese 01:08 GMT 27 Dec 84

[Text] Beijing, 27 December (XINHUA)--Addressing the closing session of the 2nd meeting of the 10th Executive Committee of the All-China Federation of Trade Unions, Hao Jianxiu, alternate member of the Secretariat of the CPC Central Committee, said that as an organization of workers themselves, trade unions should naturally stand on the forefront of reform, consider it their important responsibility to organize and lead workers to take part in reform, firmly steer trade union operation to the orbit in which economic construction is the center, and blaze a new trail for trade union operation with distinctive Chinese characteristics.

Hao Jianxiu said: Reform is the most significant, most vivid, and most practical political lesson of the whole party and the whole nation. Reform can revitalize the working class revolutionary spirit, arouse their patriotism, and help them understand the need to combine the country's future and their own interests. To revitalize our enterprises and build a socialist economic system, the key factor lies in whether or not the 80 million workers in cities are able to give full scope to their enthusiasm, initiative, and creativity.

She said: The present economic reform has provided an unprecedented opportunity and conditions for trade unions to improve their operation. So long as they do their work in a down-to-earth manner around the party's general tasks and objectives and the four modernizations, much can be accomplished in all fields.

Hao Jianxiu stressed that trade unions should basically operate in enterprises and then expand their operation to other areas. She said: Trade unions of our enterprises should actively support factory directors in carrying out their responsibilities and should safeguard their authority. Under socialist conditions, however, the roles played by leaders and workers in our enterprises are the same--they both are the masters of their enterprises. The system under which the director of an enterprise is its head should not weaken an enterprise's democratic management and the working class role as its master. Trade unions and workers' congresses must exercise their authority and give play to their roles in examining their enterprises' major policy decisions, in supervising executive leadership, and in safeguarding workers' legitimate rights and interests.

She said: As reform may give rise to violations of workers' legitimate rights and interests, trade unions should consider it one of their important tasks to safeguard workers' legitimate rights and interests and take a clear-cut stand in supporting the advanced elements in reform, and in safeguarding workers' legitimate rights and interests.

In regard to production safety and health hazards in industrial production, Hao Jianxiu said: Leading comrades concerned must attach great attention to the problems of some enterprises where accidents are frequent and occupational diseases are serious and take the quickest actions possible to improve the safety measures, create a safe environment for production, and eliminate safety hazards. They should also educate the workers to pay attention to production safety and labor discipline, intensify supervision over protection of workers, and improve the legal system of labor production.

She said: We must attach great importance to development of intellectual resources and train competent personnel. We must especially respect and cherish intellectuals and genuinely regard them as part of the working class. We must also encourage workers to become useful personnel through self-study and support their efforts to arm themselves with the latest science and technology and contribute their wisdom and talents to building a stronger nation and achieving the four modernizations.

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LABOR AND WAGES

ACFTU URGE WORKERS TO TAKE ACTIVE PART IN REFORM

OW272334 Beijing XINHUA Domestic Service in Chinese 0918 GMT 27 Dec 84

[By RENMIN RIBAO reporter Yu Guohou, XINHUA reporter Li Niangui]

[Text] Beijing, 27 December (XINHUA)--The Second Meeting of the 10th Executive Committee of the All-China Federation of Trade Unions [ACFTU], which closed today, called on the nation's workers and trade unions at all levels to heighten their patriotic spirit, integrate their future with the destiny of the state and the rapid rise of China, actively throw themselves into the torrents of reform, and contribute to expediting the growth of productivity and achieving the grand objective of quadrupling the value of annual industrial and agricultural output by the end of this century.

The meeting of the ACFTU Executive Committee, which began on 23 December, studied the "Decision of the CPC Central Committee on Reform of the Economic Structure," and the important speeches by leading comrades of the Secretariat of the CPC Central Committee when they discussed the work report submitted by the ACFTU Secretariat. The meeting also set out the tasks to be carried out by trade unions in the course of reforming the economic structure, and adopted the resolution entitled "Earnestly Implement the Guidelines of the 3d Plenary Session of the 12th CPC Central Committee, Give Full Play to the Trade Unions' Role in Reforming the Economic Structure." (Excerpts of the "Resolution" will be transmitted separately.) [XINHUA notation]

The meeting elected additional members of the ACFTU leading organs. Chen Junsheng was elected member of the 10th ACFTU Executive Committee, member of its presidium, member of the ACFTU Secretariat and vice chairman of the ACFTU Executive Committee. Ma Jun [7456 7486], Fang Jiade [2455 0857 1795], Sun Xiangyan [1327 4382 3508], Li Rongguang [2621 1369 0342], and Meng Yiping [5536 0001 1627] were elected member of the ACFTU Executive Committee. Wei Jianxing, who has been appointed to be deputy head of the Organization Department of the CPC Central Committee, will no longer serve as ACFTU vice chairman and member of the ACFTU Secretariat.

Ni Zhifu, chairman of the ACFTU, chaired the opening ceremony of the Executive Committee. The closing ceremony was chaired by ACFTU Vice Chairman Luo Gan.

When the meeting was in session, the ACFTU Budget Committee also met to examine the ACFTU's budget and final accounts.

LABOR AND WAGES

RESOLUTION OF ALL-CHINA TRADE UNION FEDERATION

OWO41441 Beijing XINHUA Domestic Service in Chinese 1130 GMT 27 Dec 84

["Conscientiously Implement the Guidelines of the 3d Plenary Session of the 12th CPC Central Committee, Bring the Role of Trade Union Organizations in Reform of the Economic Structure Into Full Play"--"Excerpts" of a "Resolution of the 2d Session of the 10th Executive Committee of the All-China Federation of Trade Unions" (Approved on 27 December 1984)]

[Text] Beijing, 27 December (XINHUA)--The 3d Plenary Session of the 12th CPC Central Committee held in October this year was a very important meeting in the party's history. The "Decision of the Central Committee of the Communist Party of China on Reform of the Economic Structure" approved at the plenary session has received the working class' warm support throughout the country and evoked strong responses. All staff members and workers in China resolutely support reform and actively devote themselves to reform. They have played the main force's role in reform of the economic structure.

Reform of the economic structure has an important bearing on the country's future and the personal interests of hundreds of millions of people. Trade unions must be united and mobilize all staff members and workers to stand in the forefront of reform, which is the trend of the times. They must shoulder the historical responsibility of spurring on economic reform and promoting the development of social productive force. Trade unions must suit the needs for invigorating enterprises, have their own feet firmly planted at the grassroots, make reforms in themselves, and blaze a new trail with Chinese characteristics for trade union work. In the great practice of economic reform, trade unions must fully develop 80 million urban enterprise workers' enthusiasm, wisdom, and creative power and make positive contributions to increasing enterprises' economic results, speeding up the progress of China's modernization, and fulfilling at an early date the splendid task of quadrupling the gross value of the country's agricultural and industrial output proposed by the 12th CPC Congress.

1. Study and Publicize the Decision Adopted by the 12th Central Committee of the CPC At Its Third Plenary Session, Heighten the Consciousness of the Vast Number of Staff Members and Workers in Making Economic Reform

The "Decision" adopted by the 12th Central Committee of the CPC at its third plenary session is the great program which guides China's reform in the economic

structure and promotes the construction of socialist modernization. The "Decision" also shows clearly a trade union's status and role under the new circumstances and the historic mission it shoulders.

All trade unions must, under the party's unified leadership, conscientiously study, publicize, and implement well the decision adopted by the 3d Plenary Session of the 12 CPC Central Committee. Publicizing reform is the most important, vivid, and practical education in patriotism and Marxism among all party members and the people throughout the country. The purpose of reform in the economic structure is to build a socialist economic system with Chinese characteristics full of vitality and vigor and promote the development of social productive force. When our reform is a success, our success in the four modernizations and quadrupling task will be guaranteed, and our country as a whole will have a future and be hopeful. The fundamental interests of China's working class lie here. All trade union cadres and all staff members and workers must develop the patriotic spirit, integrate their own future with the destiny of the country and the soaring of the Chinese nation, and actively plunge into the powerful current of reform.

Building a new economic system full of vitality and vigor is an important change in production relations and in the realm of the superstructure. The reform will certainly pound at the old ideas, systems, and force of habit which hamper the development of social productive force and social progress. It will also certainly pound at the backward administrative and management system, the backward techniques of production, the backward distribution system, and the anarchy and phenomenon of lax discipline at many enterprises. It will also certainly trigger changes in the entire country's economic and social life. It will greatly promote the modernization of administration and management, labor productivity, and the improvement of the quality of the working class as a whole. We must be mentally prepared well enough and spur on this great change.

In the course of reforming the economic structure, two ideologies and two ways of doing things will certainly appear. Trade unions must support resolutely those advanced personages and enterprises that conscientiously implement the "Decision" adopted by the 3d Plenary Session of the 12th CPC Central Committee, are eager to make reforms, dare to blaze new trails, have courage and insight, and are determined to do something. Trade unions must help and spur on people in some localities, some enterprises, and among some staff members and workers so they can become well off first by working industriously. In addition, trade unions must oppose those deeds of dishonest practices, loafing on the job, and resorting to trickery to serve oneself, breaking law and violating discipline, and damaging the interests of the state and the people for personal gain or for the interests of a small group. Trade unions must resolutely boycott those new unhealthy tendencies which hamper and damage reform. It is necessary to educate staff members and workers to correctly handle the relationship between the interests of the state, the collective and the individuals, foster the idea that the interests of the three parties are unified, and mobilize everyone to fully develop his intelligence and wisdom and make efforts to do his own job well so they can become well off by working hard and reach the goal of becoming well off as soon as possible while developing production.

2. Adopt an Overall Point of View and Further Apply the Guiding Precepts of Trade Union Work in Undertaking the Four Modernizations as the Central Task, and in Promoting Reform of the Economic Structure

The fundamental task of socialism is to develop the productive forces, and constantly satisfy the growing material and cultural needs of the people. However, our thinking, style of work, systems and methods have not yet been adapted to the new situation of current economic structural reform in many respects. We must further correctly set our guiding precepts, and do good trade union work in the interests of the four modernizations and economic structural reform, in order to meet the demands of the general tasks of the party in the new period.

We should correctly handle the relationship between major tasks, overall interests, and one's own profession--that is, the relationship between the whole and the party. Currently, the overall interests and major tasks of the entire party and the whole country are to undertake the four modernizations, carry out reform of the economic structure, develop productive forces, and quadruple the annual gross value of industrial and agricultural production. The trade union cadres should not only know trade union work and their own professions. They should also understand, and study, economic work, implement the party's principles and policies concerning economic reform, do their own vocational work well, in consideration of the overall interests of the four modernizations, and contribute to economic structural reform. Only in this way, can they put themselves in the right position, and play a proper role in the political and economic life of society and the country.

We should correctly handle the relationship between the development of production and economy, and the protection of the interests of the workers and staff members. The trade unions must be concerned with the economic development of the state, and the operation and management of enterprises, take an active part in all enterprise reforms, and guide the workers and staff members to apply their initiative, wisdom, and creativity in improving operations and management, promoting technical progress, and enhancing economic results. This is where the fundamental and vital interests of the workers and staff members lie. As the reform is new, some slipups are unavoidable. The trade unions should dare to protect the legitimate rights and interests of the workers and staff members, and reflect their opinions and demands. However, they should also know how to distinguish between the whole and the part, and between principal and secondary aspects.

Trade union work should be done in the interest of the four modernizations, to promote economic reform and the development of production. The trade unions should strive to bring into full play the enthusiasm initiative, and creativity of the workers and staff members, invigorate enterprises, promote production, and benefit the state, workers, and staff members. In this way, the trade unions will be able to display vigor in their work, and play a still greater role.

3. Put the Stress of Trade Union Work on Instituting and Improving the System of Congresses of Workers and Staff Members, and Energetically Promote Democratic Management of Enterprises

The "Decision" has stipulated: While the director assumes full responsibility, we must improve the system of congresses of workers and staff members, and other systems of democratic management, give play to the authority and role of trade union organizations and workers' and staff members' deputies in examining and discussing major decisions to be taken by the enterprises, supervising administrative leadership, and safeguarding the legitimate rights and interests of the workers and staff members. All this expresses the status of the working people as masters of the enterprise. Such power and the role assigned to the congresses of workers and staff members, and the trade unions by the "Decision," have greatly increased the responsibilities of the trade unions. They should support the enterprises in practicing the system of the director (manager) assuming full responsibility, and guarantee that he can exercise the power of directing production, operations, and management. The leaders of the enterprises should respect the powers of the trade unions and congresses of workers and staff members, and ensure the status of workers and staff members and masters of enterprise. The organic integration of the system of the director assuming full responsibility, and the workers and staff members' democratic management, shows a unity between the demands of modern, large-scale production and the socialist character, between the authority of enterprise leaders and the status of working people as masters of the enterprise, and between a high degree of centralism and a high degree of democracy. Trade union organizations at all levels must meet the new situation, regard improvement of the system of congresses of workers and staff members, and other systems of democratic management, as the focus of their work, and put it in a very important position.

In order to improve the system of congresses of workers and staff members, it is important at present to take further steps to have the congresses of workers and staff members exercise their powers, improve the quality of their work, put the stress of work on promoting the reform of enterprises and examining and discussing the major policy decisions of enterprises, and bring into full play the role of the congresses. The congresses of workers and staff members should exercise their powers according to the law, discuss important reform plans and measures of enterprises, examine management principles and policy decisions of enterprises, discuss and adopt important rules and regulations as well as plans regarding the system of economic responsibility, decide on collective welfare matters of workers and staff members, supervise the administration of enterprises, and mobilize all workers and staff members to strive for the implementation of welfare measures.

Trade union organizations are protectors of the interests of workers and staff members. Trade unions must have a clear-cut stand on struggling against any phenomena that harm the interests of the state and the working class. They must resolutely safeguard the democratic rights and legitimate material interests of workers and staff members. They should struggle against bureaucracy characterized by irresponsibility regarding the party's case and indifference regarding the weal and woe of the masses. They should also struggle against any behavior of workers and staff members that infringes upon the interests of the state and of collectives. Trade unions and the deputies of workers and staff members should strengthen their supervision over the administrative leaderships, ensure that enterprises correctly implement the principles and

policies of the party and the state, prevent bureaucracy and other unhealthy practices, and bring about closer relations between the leaderships and the workers and staff members. They should actively promote the establishment of a system enabling democratic appraisal of enterprise leading cadres, with the appraisal primarily based on the leading cadres' management performance. Trade unions and the deputies of workers and staff members may make suggestions to higher-level leading organs on rewarding and punishing leading cadres. State enterprises may elect directors and managers in a democratic way in accordance with arrangements made by high-level management organs, or appoint persons of virtue and ability by integrating appointment by higher levels with democratic recommendation by workers and staff members. Collective-run enterprises should universally hold democratic elections in choosing their leaders.

Educational, scientific research, and public health organizations should actively promote the system of congresses of teachers, staff members, and workers and other systems of democratic management in accordance with their own characteristics.

4. Take an Active Part in Reforming the Distribution System and the Welfare System, Promote Economic Development, and Increase the Income of Workers and Staff Members

Establishment of systems of economic responsibility of various forms, with the system of contracted responsibility as the main form, and serious implementation of the principle of to each according to his work are an important part of economic structural reform, as well as the eager aspiration and demand of workers and staff members. Trade unions should take an active part in the implementation of the system of economic responsibility and in the reform of the distribution system and the welfare system; they should do so with tremendous enthusiasm. They should urge the departments concerned to solve the problem of "sharing food from the same big pot" in enterprises, and particularly the problem of collecting and keeping too much of the enterprises' profits by higher level organizations, and the problem of intermediate organizations sharing the enterprises' profits. We should support the practice of rewarding diligent and outstanding persons and punishing lazy and inferior ones, and encourage workers and staff members to earn more by working hard. Whoever does a good job and makes great contributions is an advanced and model person deserving honor and the opportunity to become well off first, and serves as an example for other workers and staff members to follow suit and become well off together. At the same time, we should help workers and staff members who have technical and operational problems improve their skills and earn more income by overfulfilling work quotas. We should continue to help backward workers and staff members improve themselves.

Veteran workers have contributed a great deal to socialist construction and the development of enterprises. Their enthusiasm and livelihood should be the concern of trade unions. Enterprises should make proper arrangements for surplus personnel resulting from staff reductions by providing them with new ways to engage in production and earn a living, and by vigorously establishing and expanding the tertiary industry so that they will maintain their income levels by relying on their own hard work and may even gradually increase their income.

Trade unions at all levels should do a better job of dealing with female workers, fully bring out their role in the four modernizations drive, reflect their opinions and needs, show concern for their specific difficulties, and protect their legal rights and interests by strictly following state decrees and regulations on protecting female workers.

It is necessary to actively and carefully reform labor insurance, medical treatment, and other systems. The existing social welfare policy and system were formulated during the early years of the PRC. Some of the regulations no longer meet the needs of the present economic reform. These regulations should be changed. However, we must proceed carefully and make gradual readjustments and improvements on the basis of thorough investigation and study. Trade unions should also show great concern for retired workers regarding guarantees for their livelihood.

It is necessary to effectively ensure production safety, strengthen labor protection, and safeguard workers; security and health. Newly built, rebuilt, expanded, and transformed projects that do not meet the state's safety procedures and hygienic standards should not go into operation. It is not allowed to assume a bureaucratic attitude toward workers' safety and health and to violate regulations in directing production and operations for the sake of seeking profits. It is necessary to further perfect the system of supervision by the masses. Special attention should be given to strengthening mass supervision of safety and health in mining areas, as well as at worksites with heavy dustfall and poisonous materials. Trade unions should support workers in exercising their rights to boycott those who direct production in violation of regulations, to refuse to perform risky operations, and to promptly leave work places that jeopardize life and safety.

5. Respect Knowledge and Talented Personnel, Improve Workers' Quality

Knowledge and talented personnel are needed for the socialist modernization drive. The key to failure or success of economic reform lies in the discovery, training, and use of talented personnel. With being extensively carried out, large numbers of talented personnel are due to emerge in all trades and professions, many of whom may be young, low in seniority, lacking in experience, or have "drawbacks" of one kind or another, but are knowledgeable, have something to contribute, and distinguish themselves by their originality and inventiveness. Trade unions should discard outworn concepts, learn to recognize talented personnel, show concern for their growth, and take a clear-cut stand by supporting and putting to use this new generation of people.

Intellectuals are an important component of the working class. Trade unions should educate the large numbers of workers and staff members so they will understand that science and technology are productive forces and that knowledge is power; they should discard all prejudices and create an atmosphere in which knowledge and talented personnel are respected. "Trade union organizations and their cadres should speak up and work for intellectuals, actively urge the authorities concerned to implement the policy toward intellectuals, and bring their talents and expertise into full play.

As the modernization drive progresses, the intellectual factor becomes more important to the formation of product value. To make enterprises more vibrant, it is necessary to attach importance to the development of intellectual resources and improve the scientific, technical, and cultural levels of workers and staff members. Workers education should be "geared toward modernizations, the world, and the future." This is the guiding principle. It is necessary to proceed from realities, develop multidiscipline and multilevel education in cultural and technical matters as well as in operations and management. It is necessary to launch reading activities among workers aimed at invigorating the Chinese nation, and to actively support and encourage workers to become qualified personnel through self-study, making it an important way to improve workers' quality and train qualified personnel. In conducting education among workers, it is necessary to pay adequate attention to and develop vocational education in all trades and professions, and to train qualified personnel at all levels and in all specialities to meet the actual demands of employment units.

We must energetically intensify ideological and political education among young workers, continue to do a good job in sponsoring rotational political training for workers, especially young workers, and educate them in patriotic, collectivist, socialist, and communist thinking. Activities of the "five stresses, four beauties, and three loves" and of building civilized cities, civilized enterprises and civilized units must continue in a still more penetrating manner so that the building of a material civilization and that of a spiritual civilization can proceed simultaneously.

We must reinstate and carry forward the party's fine tradition of doing ideological and political work by proceeding from caring for the masses, cherishing them, setting an example for them, and maintaining close ties with them. By proceeding in a democratic and persuasive way, we should also maintain a dialogue with the masses on equal footing and have heart-to-heart talks with them in order to enlighten them and transform them. Ideological and political work should be integrated with economic and other routine work so that the work in these two areas will not be disconnected.

6. Keep Up With the Requirements of Opening to the Outside World and Enlivening the Domestic Economy, and Actively Build Up Trade Unions in Chinese-Foreign Joint Ventures and in Township and Town Enterprises

The party's policy of opening to the outside world is a strategic measure for speeding up our country's four modernizations. Trade unions at all levels must actively support foreign businessmen in setting up joint ventures or their own enterprises in our country. Trade unions should educate workers to display the spirit of being masters of their own country, firmly implement the party's policy of opening to the outside world, work hard to study science, technology, and modern management, do their work actively, observe labor discipline, achieve better economic performance, and accomplish their enterprises' production quotas. Trade unions of the aforementioned enterprises must earnestly implement the various laws concerning Chinese-foreign joint ventures, assist and supervise administrative departments in operating according to these laws, honor contracts, and honestly safeguard workers' legitimate rights and interests. They should carry out reasonable and justifiable struggle, according to law, against any infringements of the state's or workers' interests.

Because of the economic reform in rural areas, township and town enterprises are growing on an unprecedented scale. The nation now has over 30 million peasants who have turned into workers working in these enterprises. Trade unions in these enterprises should operate in accordance with the special characteristics of these enterprises and the special composition of their workers. They must also step up investigation and study, carry out experiments at selected enterprises, sum up their experiences, and spread the useful experiences step by step.

7. Strengthen the Operation of Basic-Level Trade Unions and Continue to Build Trade Unions Into "Workers' Homes"

Trade unions begin their operations in basic-level units, which are their foundation. Trade union operations cannot be invigorated or become more dynamic unless the operations of basic-level units are successful and lively. Leading organs of trade unions at all levels must therefore heed the needs of the grassroots level and the masses, serve them, actively support and assist basic-level trade unions, and create for them the necessary conditions to develop their work. According to the existing plan, we must consolidate the nation's basic-level trade unions once within the next 3 years or so, so that trade unions can become genuine "workers' homes" step by step. This project must never be slackened, it should be firmly handled from beginning to end.

Activities of building trade unions into "workers' homes" must proceed along with various other projects of reform. Trade unions must earnestly reform themselves by displaying the spirit of reform. We must pay attention to settling the problem characterized by lack of distinction of responsibility between party committees and trade unions, and between administrative departments and trade unions, so that the basic-level trade unions can carry out their work independently, responsibly, and authoritatively and so that trade unions can become mass organizations in the true sense.

We must readjust and reinforce the basic-level trade unions' leading groups and improve the competence of their cadres in accordance with the four requirements for cadres [cadres should be more revolutionary, younger in average age, better educated, and professionally more competent]. The chairmen of basic-level trade unions should be directly elected from among their members.

8. Emancipate the Mind, Be Keen on Reform, and Work Hard to Explore a New Path for the Work of China's Trade Unions

Reform of trade unions must begin with the leading organs. The leading organs of the All-China Federation of Trade Unions, of the trade unions of all industrial enterprises, and of the trade unions of all provinces, municipalities, and autonomous regions must simplify their administration and delegate more authority to lower departments and concentrate their main efforts on formulating principles and policies, enacting laws, and training cadres. They should give lower-level trade unions fewer mandatory projects, while giving them more guidance and assistance needed for carrying out the various principles and policies. They should be good at guiding the trade unions with typical examples.

We must reinforce the trade unions of cities and industrial and mining areas, including of economically developed country-level areas, and give them greater authority so that they can function effectively in leading and pushing the work at basic-level units. Trade unions should be set up at fewer levels, and they should be close to the masses. The departments at various levels need not necessarily have trade unions of corresponding levels. New ways of operating in accordance with local conditions should be encouraged. Mass activities should be varied; they should primarily be conducted at basic-level units on a small scale, during spare time, and on the basis of voluntary participation. National, transregional, and transindustrial mass activities should by all means be discouraged.

The key to successful reform of trade unions and to creating a new situation in trade union operations lies in putting to use a new generation of people and in training a mammoth contingent of cadres knowledgeable in modern production and economic management and proficient in trade union affairs. We must be determined and exert great efforts to restructure and contingent of trade union cadres in accordance with the four requirements for cadres. We must, in particular, promote to leading bodies of all trade unions those young cadres who are energetic, educated, and knowledgeable in science and who are extremely eager to blaze new trails.

We must energetically step up the training of trade union cadres, heighten their political consciousness, enhance their understanding of policies, and improve their professional competence, and must train a large number of specialists proficient in trade union affairs.

Trade unions' financial work should be reformed in the spirit of centralizing leadership, dividing management, simplifying administration, delegating authority, and spending money flexibly. Gradually steps should be taken so that development of trade union operations can be financed by trade union projects. Within the limits permitted by state policies, trade union funds may be spent on various projects intended to serve workers and trade union development. So long as we follow the party Central Committee's guidance, firmly rely on the wisdom and strength of the broad masses or workers and on the hard work of the more than 300,000 trade union cadres, we will certainly be able to blaze a new trail for the work of our country's trade unions and to make the necessary contributions to restructuring our country's economic system.

CSO: 4006/253

LABOR AND WAGES

ACFTU NOTES TRADE UNION ROLE IN REFORM

OW281223 Beijing XINHUA in English 1155 GMT 28 Dec 84

[Text] Beijing, 28 December (XINHUA)--Trade unions have a vital role in economic reform, said an All-China Federation of Trade Unions (ACFTU) executive committee meeting which closed here yesterday.

The meeting adopted a resolution of support for the communist party decision to reform the economy adopted last October. The ACFTU resolution which appeared in Beijing papers today made the following points:

Unions should mobilize workers behind reform and development.

Reform affects every worker's future and demands his or her loyalty.

Unions should support innovations that create prosperity wherever they occur and educate workers to exercise their talents to that end.

Union officials should acquaint themselves with economics and relevant party policies.

Unions must be more concerned with day-to-day management and interest workers in technical progress and economic returns.

They must safeguard worker's legal rights and interests.

They should guarantee the managers' right to oversee production and respect workers' status as masters of the state.

Workers should exercise their legal right to approve management decisions and decide matters of workers' welfare.

Unions should take an active part in the reform of the systems of distribution and welfare.

They should also show concern for old and retired workers, help women workers, and bring their role in the modernization drive into full play.

Unions should do away with old conventions and concepts, discover able people and bring forth a new generation of workers.

Union organizations at various levels should support the running of joint ventures or foreign enterprises authorised to operate in China.

Unions should also carry out activities among workers in rural industrial enterprises which have grown rapidly.

Leading bodies of trade unions at various levels should serve the grass-roots units and the masses and make unions "homes of the workers."

CSO: 4006/253

LABOR AND WAGES

BRIEFS

GUANGDONG TEACHERS' SALARY REFORM--According to YANCHENG WANBAO, the provincial departments concerned have set up a special organ to deal with the salary increases for secondary and primary school teachers. The provincial education department has transferred some cadres to an office for the reform of secondary and primary school teachers' salaries, to take specific charge of this work. The office is now liaising with the provincial personnel bureau and finance department to prepare for the salary increases. A responsible person of the provincial education department also said that, no matter when the work concerning this salary increase begins or when it ends, the salary increases will be calculated as taking effect from 1 January, according to the regulation. [Text] [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 27 Dec 84 HK]

CSO: 4006/229

TRANSPORTATION

VICE MINISTER ON 1985 RAILWAY CONSTRUCTION PLAN

OW300823 Beijing XINHUA in English 0631 GMT 30 Dec 84

[Text] Beijing, 30 Dec (XINHUA)--Capital construction investment for China's railways in 1985 will be 15 percent higher than 1984's 6,400 million yuan.

In an interview with XINHUA, Vice Minister Li Senmao of railways said that the investment would be used in technical transformation of existing lines and building of new ones.

In 1985, the ministry would upgrade 26 existing railway lines, including sections of 16 lines for double tracking with a tracklaying of 430 kilometers and sections of the rest for electrification, totalling 660 kilometers.

The ministry plans to build 398 kilometers of new railways next year, including the line between Xi'an and Yan'an in northwest China and two railway lines, one linking Datong, a coal producing center, with the Port of Qinhuangdao and the other linking Yanzhou and Shijiusuo.

In addition, the vice minister said, hubs in Shenyang, Tianjin, Beijing and Xuzhou will be reconstructed or expanded. The construction of new passenger railway stations in Beijing and Shanghai will be accelerated.

More investment will be given to transform the country's 15 locomotive and rolling stock works.

In 1985, the railways are expected to transport 1.26 billion tons of cargo, and 1.11 billion passengers.

The number of passengers carried by the railways this year will reach 1.1 billion, and cargo transport 1.21 billion tons.

CSO: 4020/73

TRANSPORTATION

HIGHWAY CONSTRUCTION STRESSED IN CITIES

HK300215 Beijing CHINA DAILY in English 30 Dec 84 p 1

[By staff reporter Xu Yuanchao]

[Text] Highway construction in Chinese cities, open coastal cities and economic development zones is to be made one of the country's top priorities.

A senior official of the Communications Ministry, told CHINA DAILY that the government would increase investment and attract foreign capital and bank loans for highway construction during the Seventh 5-Year Plan (1986-1990).

He said the World Bank will provide \$70 million in loans which will be mainly used for building a highway from Xi'an to Sanyuan County in Shaanxi Province and the Yancheng-Gaotang highway in Shandong Province. The agreement is expected to be signed next month.

Construction of a 20-kilometre expressway from Shanghai to Jaiding County has started and should be completed in three years. The expressway, with an investment of 150 million yuan (about \$54 million), will be the first in China. The official quoted Ruan Chongwu, deputy mayor of Shanghai, as saying that Shanghai would strive to complete the project in 18 months.

At a recent State Council meeting, he said, the government decided to build more highways to accommodate container lorries.

The state will allocate more grain, cotton and cloth to local peasants who are working during their after-harvest slack season, he said.

In Yunnan Province alone, the government has already allocated 100,000 tons of grain, 2,000 tons of cotton and 8 million metres of cotton cloth to local residents who are involved in building roads.

This year, China has built 15,000 kilometres of new highways, an increase of 87 percent over last year. About 29,000 kilometres of roads have been rebuilt and a highway from Qinghai Province to Tibet has been asphalted.

"Of the 1,900 kilometres being rebuilt on the Qinghai-Tibet highway, 1,700 kilometres will be completed by the end of the year. The remaining 200 kilometres will be finished early next year," the official said.

Bridge

Eighty-six highway bridges with a length of more than 100 metres each have been built this year. The 1,116-metre Dalinghe Bridge in Liaoning Province is the longest. Other big bridges include the Quanzhou Bridge in Fujian Province, Oujian Bridge in Zhejiang Province, Weihe River Bridge in Shaanxi Province and Shanhongqi Bridge in Guangdong Province.

There are also 112 highway bridges being constructed. The official said the Yellow River Bridge near Zhengzhou in Henan Province will be the longest in China. The 5,560-metre bridge should be completed by 1987.

The Yellow River Bridge required an investment of 100 million yuan (about \$36 million). But he estimated that this investment was far from enough.

He said Guangdong Province has absorbed large sums of foreign capital and bank loans for highway construction but funds have yet to be found for the Guangzhou-Shenzhen expressway.

CSO: 4020/73

TRANSPORTATION

PRC TO INCREASE DOMESTIC, INTERNATIONAL FLIGHTS

OW291248 Beijing XINHUA in English 1236 GMT 29 Dec 84

["More Airliners for China's Domestic and International Routes"--XINHUA headline]

[Text] Beijing, 29 Dec (XINHUA)--China plans to have 20 percent more flights next year to ease the strain on air transport, according to China's civil aviation planners today.

This will bring weekly flights during summer and autumn peaks to 886, 44 percent more than this year, the planners said.

It will entail a 46.2 percent increase in domestic flights and a 30 percent increase in international flights. The passenger volume for 1985 will increase by 18.1 percent to 6.5 million, one million more than this year.

According to the China Civil Aviation Administration, about 1.2 million people could not get air tickets this year.

With more flights and new air routes, priority will be given to some of the 14 open coastal cities.

Internationally, flights to Japan will be increased according to agreements and the situation of passenger and cargo transport, the planners said. [sentence as received]

CSO: 4020/73

TRANSPORTATION

TIANJIN PORT FACILITIES TO BE UPGRADED

OW090831 Beijing XINHUA in English 0815 GMT 9 Jan 85

[Text] Tianjin, 9 Jan (XINHUA)--Tianjin port, one of the biggest in China, will import 268 high-efficient loading and unloading machines this year to shorten the time of stay for freighters.

These will replace all its old loading and unloading equipment, said Zhu Qingyuan, director of the Tianjin Harbour Administration. More than 20 foreign firms have come to Tianjin to negotiate with port officials and technicians on technical cooperation and joint ventures. Two joint ventures--a container transportation company and a container maintenance company--have been set up recently.

The harbor will also explore into the possibilities of jointly managing wharves and storage business, he said.

Tianjin has decided to build more wharves and open up berths along the lower reaches of the Haihe River to let 5,000-ton foreign ships dock and admit barges transferring goods from 10,000-ton ships.

This program was proposed by Yukio Torii, director of the Kobe Harbor Bureau, Japan, and chief advisor of the Tianjin Harbor Administration. He and his Japanese advisory group were invited to help Tianjin Harbor when its modernization program.

Zhu Qingyuan said construction of major parts of three new container wharves has been completed and two container bridge cranes imported from Japan have just arrived. Loading and unloading machines will be installed, and a container stockyard built this year. The container wharves are scheduled to go into service by the end of this year.

Bulk grain wharves will be automated, and construction of a modern international passenger transport station will be basically completed this year.

Tianjin Port handled a record 16 million tons of cargo last year, achieving its goal set for in the Sixth 5-Year Plan period (1980-1985).

CSO: 4020/73

TRANSPORTATION

DATONG-BEIJING ELECTRIFIED RAIL LINE OPENS

OW301726 Beijing XINHUA in English 1605 GMT 30 Dec 84

[Text] Beijing, 30 Dec (XINHUA)--China's longest electrified electric railway, running from Beijing to Datong in Shanxi Province, was opened to traffic today.

A key project of the state during the Sixth 5-Year Plan (1981-1985), the 379-kilometer double-track railway which goes via Shacheng in Hebei Province will increase the annual transport capacity by 10 million tons on this line.

It will speed freight trains transporting coal from Shanxi, the leading coal-producing area in China, and Inner Mongolia, another important coal-producers, to industrial areas in eastern and northern China.

The Beijing-Datong Railway links up with a new double-track electrified line still in trial operation from Beijing to the port city of Qinhuangdao. More coal will be transported to east China and exported when the Beijing-Qinhuangdao Railway officially goes into service.

The Beijing-Datong Railway, which is also linked to the Beijing-Guangzhou and Beijing-Shanhaiguan lines will also speed coal to south and northeast China.

Electrification work started in April 1981.

The production of the Shanxi mines had been hitherto limited by low rail transport capacity, while industrial bases in other provinces had to limit their production according to the amount of coal available from Shanxi.

CSO: 4020/73

TRANSPORTATION

CHINA'S MOTOR VEHICLE OUTPUT TOPS 300,000

OW042222 Beijing XINHUA in English 1625 GMT 4 Jan 85

[Text] Beijing, 4 Jan (XINHUA)--China produced 300,000 motor vehicles in 1984, registering a 27 percent increase over 1983, the Ministry of Machine-Building Industry said today.

Major manufacturers, including the No 1 and No 2 motor vehicle plants and car manufacturers in Nanjing and Jinan, have reported production increases ranging from 10 to 35 percent.

In fact, production figures surpassed state targets by over 50,000 a ministry official said.

The number of enterprises engaging in vehicle production across the country has grown to more than 2,500, including 116 manufacturers capable of producing 38 models and more than 100 special-purpose vehicles.

The policy of encouraging road transport has ushered in a golden age for China's automotive industry.

Although China has not reached the stage when all families can buy their own cars, the taxi business is being encouraged in large cities and truck transport is being expanded to meet the growing needs.

According to the China Automotive Industry Corporation (CAIC), 10 new types of trucks and minitrucks would be marketed this year.

They include heavy-duty trucks of eight, 10, 13.5 and 18 tons produced by the Nanjing, Jinan, Shaanxi and Sichuan motor vehicle plants, the nine, 11, 12, 15 and 20 ton trucks assembled with parts from Steyr-Daimler-Puch Ag of Austria, mini-vans assembled with parts imported from the United States, a 15-ton truck assembled with parts from Czechoslovakia, the minitrucks assembled with parts from Italy and a modified car assembled with parts from France.

Experts have warned against a glut of minitrucks by the year 1990, although they are in short supply at present.

According to CAIC, the demand for minitrucks this year will reach 159,000 and could reach 260,000 by 1990. Output of minitrucks in 1983 was 2,866 and 12,150 in 1984. There are now 10 major minitruck producers in China and their accumulative output by 1990 could reach 790,000, far exceeding the predicted demand. This would make the minitruck industry highly competitive.

Truck and car manufacturers are aiming at improving quality. The CAIC has imported more than 20 items of manufacturing technology for making jeeps, heavy-duty trucks, minitrucks and engines from Britain, Japan, Federal Germany, Italy and the United States.

CSO: 4020/73

TRANSPORTATION

NEWLY ELECTRIFIED RAIL LINK OPENS TO TRAFFIC

OWO90910 Beijing XINHUA in English 0859 GMT 11 Dec 84

[Text] Beijing, December 11 (XINHUA)--The western section of the newly electrified 379-km railway link between Beijing and Datong, in Shanxi Province, opened to traffic yesterday, the BEIJING DAILY reported today. The other sections of the line will be open by the end of this year, the paper said.

The electrified tracks will speed freight trains transporting coal from Shanxi, the major coal-producing area in China, to industrial areas in eastern and northern China, the daily said.

The eastern end of the line is the Fengtai Marshalling Yard in southern Beijing, which is the largest in north China, with connections to eastern and northern China.

The electrification work, which started on June 1, 1982 and was completed recently, consumed a total investment of 450 million yuan. The whole project involved revamping and expanding 22 stations, 41 bridges, culverts and tunnels, and building 11 transformers and related facilities.

The electrification is expected to add 10 million tons of coal to the annual transportation capacity on this line. It has been estimated that with each 10 million tons of coal moved out from Shanxi Province industrial output value can increase by 17 billion yuan, and the tax coffers by 4.2 billion yuan.

The production of the Shanxi mines had been hitherto limited by low rail transport capability, while industrial bases in other provinces had to set their production targets according to the amount of coal they could obtain.

CSO: 4020/55

TRANSPORTATION

NEI MONGGOL RAISES FUNDS FOR NEW RAILROAD

OW180930 Beijing XINHUA in English 0712 GMT 18 Dec 84

[Text] Hohhot, December 18 (XINHUA)--Inner Mongolia is raising funds for an 850-kilometer railway linking lines coming into the region from northeast, north and northwest China, according to officials here.

The proposed railway will run from Jining in southern Inner Mongolia, an important city on the railway that runs from Beijing to Moscow via Mongolia, eastward to Tongliao, a town on the Korqin grasslands, where large reserves of coal have been found. Construction is scheduled to begin next year with an investment of 800 million yuan.

When completed in 1990, the line will meet the railway linking Beijing with the steel center of Baotou and the Beijing-Moscow Railway at Jining, and link up with the line extending from Tongliao to Changping just north of the Chinese capital.

As one of the major rail arteries in northern China, it will serve an area with coal reserves estimated at more than 47 billion tons, twice as much as the total reserves in the whole of northeast China. Some 30 other minerals have also been discovered in this area.

The project will be aided with funds from the state and other provinces and enterprises.

Special treatment will be offered to foreign, Hong Kong and Macao companies, banks and individuals who make investments or provide loans, the officials said.

CSO: 4020/55

TRANSPORTATION

SHAANXI GOVERNMENT TO BUILD ROADS IN MOUNTAINOUS AREAS

HK050338 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 3 Jan 85

[Text] The provincial government recently decided to regard building roads in the mountainous areas as the starting point and to quickly open up a new situation in the mountainous areas in the Qinling and Daba Shan in lifting themselves out of poverty and in getting rich.

Over the past few years, due to the fact that reform of the rural economic structure has been carried out and the principles of production in mountainous areas have been readjusted, the mountainous areas in the Qinling and Daba Shan have achieved gratifying results in agricultural production. Gross output of grain of three prefectures--Hanzhong, Baoji, and Ankang--last year all exceeded the highest levels in history. Their township and town enterprises and diversification developed very quickly. However, roads in the mountainous areas are far from meeting the needs in vigorously developing commodity production in the mountainous areas and in vigorously exploiting the abundant resources in the mountainous areas.

Since September last year the provincial CPC Committee and the provincial government have sent three investigation groups one after another to all prefectures and counties in South Shaanxi to get a clear picture of the situation and to listen to their views. The provincial CPC Committee and the provincial government also conducted discussions on this problem. They held that in developing economic construction in the mountainous areas, we cannot grasp only measures for lifting people out of poverty and emergency measures but must basically solve the problems which could not be solved for a long time in the past. We must cultivate and release as soon as possible the inherent vitality of the mountainous areas to develop the economy and must thoroughly change the passive situation.

The provincial government has decided that apart from spending on farmland and water conservancy construction 20 percent of the grain, cotton, and cotton cloth value of 179 million yuan, with which the central authorities will support the mountainous areas in the Qinling and Daba Shan in our province gratis in the next 3 years, the other 80 percent and the funds of some 40 million yuan appropriated by the provincial authorities for manufacturing complete sets of equipment must be spent on building roads in the mountainous areas in the Qinling and Daba Shan. It is necessary to endeavor to basically solve the problems of communications in the mountainous areas in the Qinling and Daba Shan.

TRANSPORTATION

NEI MONGGOL PLANS TO BUILD NEW RAILROAD

SK080314 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 7 Jan 85

[Excerpts] The autonomous regional people's government and the Ministry of Railways held a meeting recently to discuss issues on building a railway between Jining and Tongliao cities. The Ministry of Railways noted that efforts will be made to unite as one with the region to perform close coordination with it and to make the best use of its time to put its manpower into the operation as soon as possible with the view of enabling the Ji-Tong railway to become a large and long local railway that costs the state less funds and time.

The meeting also discussed construction principles, designation, building operation, and funds raising and the region and the ministry signed a summary of the meeting.

The summary states: Though the Ji-Tong line is a local railway, it is an important main line of the state railway network. To build this railway has a strategic bearing on invigorating the regional economy, delivering western coal to eastern areas, and on relieving the prevailing strained situation in coal supply throughout the country. The Ministry of Railways expressed its resolute support for the decision adopted by the regional CPC Committee and the regional people's government in regard to building the railway between Jining and Tongliao cities.

An agreement made by both sides indicates that, in addition to recruiting jobless children of staff members and workers under the Hohhot Railway Bureau in building the new line, attention should be paid to recruiting the children of peasants and herdsmen who have been involved in the construction of the new railway, and particularly to recruiting comrades of minority nationalities. Efforts should be made to organize its own contingent of personnel in charge of administrative and transportation work by holding training classes and to implement the principle of depending on incomes earned by operating the road to conduct road maintenance and build supplementary ones. Except for paying industrial and commercial taxes or repaying capital with interest, all incomes earned by operating the road will be used to continuously develop local railways in the region. The construction of other roads can be designed by the region itself. Either road construction or road management should follow the drive of conducting reforms among economic systems. In no way should both construction and management stick to the old railway regulations of the state. Efforts should be made to operate the railway business reflecting local characteristics so as to strive to create a new way for the construction of railways in the country.

TRANSPORTATION

BRIEFS

SHANGHAI'S FIRST EXPRESSWAY--Shanghai, December 21 (XINHUA)--Work began here today on Shanghai's first expressway as part of the city's efforts to improve the traffic flow. The expressway--15.9 kilometers long and 26 meters wide--will link the city center with Jiading, a satellite town of scientific establishments. It will accommodate 55-ton container trucks and 120-ton flatbed trailers, and allow a maximum driving speed of 120 kilometers per hour. There will be 3 overpasses and 20 bridges on the route. Two more expressways--to Songjiang and Qingpu Counties--are being designed, while a third one linking Shanghai and the Jiangsu provincial capital of Nanjing will be built between 1986 and 1990. This year the city has widened and rebuilt 30 roads, and finished 10 pedestrian overpasses and tunnels, easing traffic jams on major sections. [Text] [Beijing XINHUA in English 1917 GMT 21 Dec 84]

NEW AIRPORT AT YANTAI--Beijing, December 22 (XINHUA)--A new airport has opened at Yantai to help prepare the Shandong province city for foreign investment, according to "economic information." Yantai is one of 14 Chinese coastal cities opened earlier this year to Hong Kong, Macao and overseas investors. The city, known for its scenic beauty and its port, will be developed into an international trade and tourist center. [Text] [Beijing XINHUA in English 0809 GMT 22 Dec 84]

YUNNAN, SHANDONG ROAD WORK--Beijing, December 13 (XINHUA)--Local governments have mobilized more than 400,000 peasants to help build roads in Yunnan Province, the PEOPLE'S DAILY reports today. A total of 10,000 kilometers will be completed by next spring in this southwest China province. The state has allocated 100,000 tons of grain, 2,000 tons of cotton and 8 million meters of cotton cloth to help pay the peasants, who are working during their after-harvest slack season. Funds are also being raised by local governments. About 42 percent of the province's townships have no motor roads because of treacherous terrain. Meanwhile, highways in Shandong Province, east China, carried 20 percent more passengers and 12 percent more cargo in the first 11 months of 1984 than during the same period of 1983. The growth was due to increased exchanges of goods between town and countryside, officials said. Shandong has a highway network of 36,000 kilometers, half of the roads being asphalted. Many of them have been completed since 1979. Bus services are now available to all the counties, 90 percent of the townships and 60 percent of the villages in the province. Road transport carried three-fourths of Shandong's passenger volume and two-thirds of its cargo last year. Local governments contributed labor and materials to road construction, while the state provided technicians and part of the funding. [Text] [Beijing XINHUA in English 1437 GMT 13 Dec 84]

NEI MONGGOL DOUBLE-TRACK RAILROAD--The construction of a 145-km double-track railroad between Jining and Hohhot, Nei Monggol Autonomous Region, was completed recently. [Excerpt] [Hohhot Nei Monggol Regional Service in Mandarin 2300 GMT 13 Dec 84 SK]

CSO: 4006/242

PUBLICATIONS

BRIEFS

ECONOMIC, SOCIAL YEARBOOK--Beijing December 17 (XINHUA)--A comprehensive reference book on the economic development of over 300 municipalities and cities, "China's Economic and Social Yearbook," is to be compiled, according to the Yearbook Council established here today and sponsored by the mayors of Beijing, Tianjin and Shanghai and four big cities. The yearbook will serve to promote the present urban reform in economic structure, the city's role as the center in the country's economy and the policy of opening to the outside world, said Xu Dixin, an advisor to the Chinese Academy of Social Sciences. The book will have four parts. The first part will include data of urban industry, the city's general layout, infrastructure, environmental protection, population, culture, interflow with foreign countries and traffic. The other three parts will introduce each city's characteristics, service facilities, statistics and items for cooperation between domestic and foreign firms. The book will come out in May next year. Nearly 300 city leaders from some 160 municipalities and cities across the country attended the meeting. [Text] [Beijing XINHUA in English 1836 GMT 17 Dec 84]

CSO: 4020/55

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